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ESTABLISHED 1887

Angola	15.5 F. depaged	175,000 Diners	1,000 Rials
Austria	10.5 F. lire	115,000 Poles	20,000 Zl.
Bahrain	25 S. drachma	100,000 Portuguese	210 Esc.
Burma	0.5000 M. rupay	2,000 Lira Cilicia	0.00 Miles
Bulgaria	0.50 B.L.	100 Nov. of Interest	85 P.
Burkina Faso	0.50 F.	100 Francs	107 P.
Cyprus	0.50 L.D.	100 Dr. Revenues	107 P.
Croatia	0.50 K.	100 Dinars	110 P.
Czechoslovakia	0.50 K.	100,000 Czech Koruna	100 P.
Danmark	1.00 D.K.	100 D.	100 P.
Denmark	1.00 D.K.	100 D.	100 P.
Egypt	1.00 E.	100,000 Egyptian Pounds	100 P.
Finland	1.00 F.	100 Markka	120,000 Mk.
France	1.00 F.	100 Francs	120,000 Fr.
Germany	1.00 D.M.	100 Deutsche Mark	120,000 DM.
Iceland	1.00 I.	100 Króna	120,000 Kr.
Iraq	1.00 I.	100 Dinar	120,000 D.
Iran	1.00 I.	100 Rials	120,000 R.
Italy	1.00 I.	100 Lira	120,000 L.
Japan	1.00 J.	100 Yen	120,000 Yen
Korea	1.00 K.	100 Won	120,000 W.
Lithuania	1.00 L.	100 Litas	120,000 L.
Norway	1.00 N.	100 Norwegian Kroner	120,000 N.
Portugal	1.00 P.	100 Escudos	120,000 Esc.
Singapore	1.00 S.	100 Singapore Dollars	120,000 S.
Slovenia	1.00 S.	100 Tolar	120,000 T.
Spain	1.00 S.	100 Pesetas	120,000 P.
Sweden	1.00 S.	100 Kronor	120,000 K.
Switzerland	1.00 S.	100 Swiss Francs	120,000 Fr.
United Kingdom	1.00 P.	100 P.	120,000 P.
United States	1.00 U.S.	100 U.S. Dollars	120,000 U.S.
Yugoslavia	1.00 Y.	100 Dinars	120,000 D.
Hungary	1.00 H.	100 Forint	120,000 H.

## A Brighter Sign For U.S. Economy Banks' Lending to Business Picks Up After Long Slump

By Michael Quint  
*New York Times Service*

NEW YORK — Bank lending to American businesses has edged upward in recent weeks after a two-year decline that was widely blamed as a cause of the economy's downturn and weak recovery.

The turnaround will be seen by many analysts as an encouraging portent of greater strength in the U.S. economy in the months ahead.

Although the increase is anemic by the standards of the 1980s, bankers say that loan demand is improving in many parts of the country, and corporate borrowers say banks are more eager to lend.

Because banks accumulated more deposits and capital while loans were falling, they now have room to increase lending more rapidly if the economy grows faster.

Loans to businesses held by the largest U.S. banks increased at a 1 percent annual rate in the past two months, according to the Federal

U.S. retail sales and consumer confidence rose strongly. Page 13.

Reserve Bank of St. Louis, a marked improvement from the 7 percent decline of the past year.

The Federal Reserve Board, which tried in vain to stimulate borrowing by lowering interest rates the past two years, is now hearing anecdotes from businesses and bankers that borrowers and lenders are more comfortable. It issued a report this month that said there were glimmers of improved loan demand at five of the 12 Fed banks.

"Things have definitely changed," said Carl C. Landegger, owner of Black Clawson Co. in New York. "The banks have more money than in quite a long time, and if you have a good industrial loan, they are anxious to lend."

Two years ago, Mr. Landegger's good credit record and successful history as an owner of several paper mills were not enough to obtain bank financing to buy a paper mill. In contrast, he recently had four offers to finance his purchase of Zimpro, a Wisconsin manufacturer of pollution-

See LOANS, Page 15



A MOMENT'S DIVERSION IN SARAJEVO — Children playing with homemade streamers Friday as Bosnians took advantage of a truce. Later, the UN command reprimanded Serbia for violating the cease-fire. Serbian tanks and infantry attacked Magaj, in the north. Page 2

## Out of Post-Vote Seclusion, Clinton Briskly Takes Command

### President-Elect Shows His Priorities and Style

By Dan Balz  
*Washington Post Service*

WASHINGTON — After nearly a week of seclusion, President-elect Bill Clinton has moved briskly and publicly to take command of his transition, sketching priorities and offering the first clues to his presidential style.

If there had been a feeling that he had been moving tentatively, Mr. Clinton sought to dispel it Thursday with a news conference and a series of transition appointments designed to show that he is in charge and the economy is his top priority.

Mr. Clinton described more succinctly than previously the elements

likely to be part of his first 100 days. They include deficit reduction, a broad roots support and the nervous financial markets; a national health-care system that will provide universal coverage and cost controls; and an effort

to reduce the power of lobbyists and political action committees, aimed at assuring voters that he will end Washington's business-as-usual climate.

Mr. Clinton also included an idea enormously popular with campaign audiences all year long — a program to

offer loans to anyone who wants to go to college, to be repaid either as a percentage of later income or through two years of national service.

If Mr. Clinton as candidate offered voters hope and change, the president-elect counseled caution.

On the economy, he said the American people "expect aggressive and prompt action, and I'm going to give it to them."

But he restated his belief that the country's problems cannot be solved overnight and refused hypothetical discussion about how much he could

See CLINTON, Page 3

### A Tough Ethics Code for the Transition Team

Compiled by Our Staff From Dispatches

LITTLE ROCK, Arkansas — President-elect Bill Clinton put his transition staff under a code of ethics on Friday that is intended to prevent anyone from profiting for private gain by working for him.

"I want to send a signal that we are going to change politics as usual," Mr. Clinton said before his transition director, Warren M. Christopher, announced the guidelines.

These are by far the strongest, toughest rules ever put forward for a presidential transition." Mr. Christopher said. "The American people must be confident that this is their transi-

tion and will be carried out in their interest."

Mr. Christopher said the code of ethics would have three main provisions:

• During the transition and for six months after, staff members are pro-

hibited from lobbying any federal agency for which they had substantial responsibility" ends on Inauguration Day, Jan. 20.

• Transition staff are forbidden from ever using any nonpublic information for private gain.

• They are disqualified from involvement in any transition matter that "conflicts or appears to conflict with their personal financial interests or those of their families, clients or businesses."

The guidelines, Mr. Christopher said, are designed to ensure that transition staff "will treat their responsibility as a public trust."

He said that the rules should guarantee that "no person trades on his or her knowledge."

See ETHICS, Page 3



SMILE FOR FRANCE — The Princess of Wales upon arrival Friday in Paris for a weekend stay. She will miss the birthday of Prince Charles, about whom new rumors have surfaced. Page 2

### Kiosk

#### Peru Army Coup Reported to Fail

LIMA (AP) — The government said Friday that a small group of soldiers tried to seize control of army headquarters and the national palace in a bid to overthrow President Alberto Fujimori, but that the attempt had failed.

A government communiqué said the soldiers were led by three retired army generals. The statement said the situation was under control and that the coup leaders had been arrested.

The government identified the leaders as Jaime Salinas Sedo, Jose Pastor Vives and Luis Palomino Rodriguez, all retired generals. The statement said the army commander, Marcos Zarate Rota, also took part. The communiqué said General Zarate Rota was under investigation for drug trafficking.

Yeltsin to Dissolve Parliament, Hard-Liner Says

MOSCOW (AP) — A hard-line legislator caused a furor in the Supreme Soviet, Russia's legislature, on Friday by accusing President Boris N. Yeltsin of planning to dissolve the legislature and declare emergency rule. The accusation was swiftly denied as "hysterics" by the president's office, but not before it had thrown the Supreme Soviet into turmoil.

#### General News

In Manila, President Ramos is off to an indecisive start. Page 4

The Justice Department moves toward naming a special prosecutor in the Iraq loan case. Page 3.

#### Money Report

Insurance company stocks are doing well despite the U.S. storm losses. Pages 13-15.

#### Business / Finance

An outline emerged in Tokyo for more pragmatic Japan-U.S. trade talks. Page 13.

Norman Lamont's economic package for Britain won mixed reviews. Page 15.

#### Art

The art market is finding stability at a lower level. Page 7.

#### Dow Jones

Down 6.76 Up 0.13%

3,239.79 88.17

#### The Dollar

New York Fri. close previous close

DM 1.5707 1.5793

Pound 1.5505 1.5285

Yen 124.05 123.90

FF 5.3025 5.3345

#### Crossword Weather

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Page 20

## The Racist Chill in Europe: Fear That Worse Is to Come

By Craig R. Whitney  
*New York Times Service*

GREIFSWALD, Germany — All over Eastern Europe the Communists left bleak places like the south side of Greifswald: row after row of instant shacks, six-story prefabricated concrete housing with hardly a shop or a cafe to break the monotony.

Communism has gone in Eastern Germany, and the industries it built have collapsed. In these neighborhoods of workers with no work, brooding resentment and anxiety have exploded in hundreds of attacks against foreign asylum-seekers, most of whom are fleeing even worse conditions in the other former communist countries of Eastern Europe.

Some Germans say they fear that the same lethal mix of unemployment, humiliation, and resentment that gave rise to the Nazis approximately 65 years ago is settling again today among the 16 million people of the eastern part of the country. They are also afraid that the worst is yet to come.

"The value systems that these people built up to cope with communism have collapsed along with communism itself," said Johannes Goericke, the city official who looks after Greifswald's social problems. "The young people have no idea what their future is going to be, and they are constantly frustrated. The outlet is either depression or aggression, and there is a potential for terrible trouble."

There has been plenty of trouble already, not only in the formerly communist part of Germany but also in the urban slums of Poland, Hungary and the Czech and Slovak republics of Czechoslovakia. Everywhere, the reasons are similar.

"This is a society in crisis," said Gyorgy Gabriel, the police detective in charge of fam-

ily, child and youth protection in Budapest. "Everything is in crisis: the economy, the family, the school system, the legal system, the police."

Thousands of rootless youths have expressed their contempt for the communist past and defined themselves as "skinheads" in all these countries, joining rightist ultranationalist groups that celebrate their identity as Poles, Hungarians, or Germans after years of proletarian internationalism forced on them by a foreign power, the Soviet Union.

Even now that it is gone, many East Europeans still blame "foreigners" for their troubles.

Germans have been slow to recognize the potential for trouble. The world took notice when German skinheads attacked a hostel for foreign workers in Rostock in August, but similar attacks had been taking place all over Germany almost daily before, and have continued since. Few people noticed when in October a gang of Polish skinheads in Nowa Huta, a desolate industrial suburb of Krakow, killed a German truck driver in retaliation for what the Poles said were beatings of Polish visitors in

Greifswald, the Baltic Sea about 100

See CRISIS, Page 4

the world's biggest corporations, from BMW to Sony.

Working from the mountainside mansion of his lawyer and partner, Gerald D. Hoser, Mr. Lemelson has in the past year forced more than a dozen big companies to pay him a total exceeding \$100 million for patents that he claims to own.

In the process, he has dramatized a growing controversy over the use and misuse of patents.

Mr. Lemelson never commercialized these inventions himself, and rarely if ever built a prototype. But in a coup that might have left Thomas Edison gasping in disbelief, Mr. Lemelson's patents have become legal dynamite.

In the process, he has dramatized a growing controversy over the use and misuse of pat-

ents, which has been fueled by the growing clout that U.S. courts have bestowed on patent holders in the last 10 years.

Most of the money has already been paid by year-end," Mr. Michaud said. "The rest will be paid by year-end."

Meanwhile, Mercedes, BMW and Porsche have struck their own deals with Mr. Lemelson, as have other international electronics companies, including Sony, Sanyo Electric, Philips Electronics and Siemens.

"I expect we'll soon be reaching \$200 million," Mr. Hoser said.

Mr. Lemelson's supporters say he was the first person to think of ways to integrate video images with computers and use them to develop flexible, automated factory assembly lines.

But corporate opponents and some independent patent experts say Mr. Lemelson merely dramatizes how the patent system in

the United States has gone awry. Critics charge that his patents have virtually no practical use today, because they disclose little more than general principles and rely on technology that was never decades out of date.

In addition, they argue, the inventor has manipulated the system

## German Opposition To Support Tighter Laws on Asylum

By Tyler Marshall  
*Los Angeles Times Service*

BONN — After a prolonged struggle with their conscience, the Social Democrats, Germany's main opposition, are expected next week to bow to mounting public pressure and approve proposals that would permit a tightening of the industrialized world's most liberal political asylum law.

Germany's in effect open-door policy to asylum-seekers — for decades a proud symbol of the post-World War II democratic state's good intentions — has in recent years sown the seeds of a domestic nightmare.

A wave of xenophobic attacks directed against many of the 413,000 asylum-seekers in Germany awaiting action on their applications has shocked the world, generated fears of a Nazi-like revival and brought the asylum issue to the top of Germany's political agenda.

The Social Democrats will tackle the problem at a special party congress here Monday and Tuesday. They are expected to support a plan initially presented by their chairman, Björn Engholm, that would bring German law in line with the Geneva Convention on the Status of Refugees and on a par

with most of Germany's European Community partners in dealing with the issue.

Mr. Engholm's idea, roughly similar to that already proposed by Chancellor Helmut Kohl's governing coalition, would place a greater burden of proof on the asylum-seeker and also allow Germany to expel immediately anyone already rejected by another nation that is a signatory of the Geneva convention.

Because the present law is anchored in the German Constitution, a two-thirds majority of parliament must agree on the change — a majority that requires Mr. Kohl to have the Social Democrats' help.

Officials within Mr. Kohl's Christian Democratic Union contend that consultations to draft the needed constitutional change could begin immediately after Social Democrats vote next week and that the Bundestag could conceivably pass the law during its final session of the year in late December.

[The authorities deported about 100 Romanian refugees Friday in the first application of an agreement with Romania to reduce the flow of foreigners in Germany, The Associated Press reported from Berlin. A spokesman said some of the Romanians went unwillingly, but no incidents were reported.]

Bringing Germany into line with the Geneva convention would close what for several years has been a back-door entry to the affluence and opportunity of Western Europe for citizens of poorer nations.

The number of asylum-seekers entering Germany this year is expected to reach nearly half a million.

Although Interior Ministry officials say that 95 percent of all political asylum claims are eventually rejected, the process can take years — a period during which the applicants can work and enjoy low-cost social housing and the other benefits of the German welfare state.

Despite the misuse of the present law by many foreigners who see it as a way to improve their economic lot, a powerful minority of Germans are pushing to retain the permanent constitutional provision, known as Article 16, which reads simply, "The politically persecuted enjoy the right of asylum."

Many older political figures from the center and moderate left view Article 16 as a cornerstone of the new Germany's identity and a kind of debt to the global community in partial repayment for evils of the country's Nazi past.

Germans Suspend Trial For Top Honecker Aide

BERLIN — Justice authorities suspended the manslaughter trial of the former East German prime minister, Willi Stoph, after he suffered a heart attack.

Mr. Stoph, 78, was to have been tried with the former East German leader, Erich Honecker, and three other elderly associates. The proceedings were adjourned until Monday.



Georgians gathering around a tank captured from separatist Abkhazian troops during fighting in the breakaway Abkhazia republic. (Agence France-Presse)

## To Give Up A-Arms, Ukraine Wants Aid

By Serge Schmemann  
*New York Times Service*

MOSCOW — Ukrainian leaders have threatened to hold up approval of the treaty sharply reducing intercontinental nuclear missiles unless their new nation receives a substantial increase in Western aid.

With Ukraine's economy faltering badly, leaders of the government and parliament have declared with growing determination in recent days that they will not part with strategic missiles "for free."

Some powers have also demanded unspecified international guarantees of their security against Russia if they are to accede to the Nuclear Non-Proliferation Treaty and surrender all nuclear weapons.

The strategic arms reduction treaty, known as START, which was originally negotiated between the United States and the former Soviet Union, needs separate ratification by all four former Soviet republics on whose soil strategic missiles are based. So any delay by Ukraine

would stall the most sweeping accord in the annals of arms control, one that would cut nuclear arsenals by roughly a third.

Of the four nuclear successor-states in the former Soviet Union, Russia and Kazakhstan have ratified the treaty, and Belarus is expected to follow suit. But all are conditional on ratification by Ukraine. The U.S. Senate has already approved the treaty.

Western diplomats and Russian officials said they were not unduly concerned. They said that the dominant issue was money, and that they expected this could be resolved between Ukraine and Russia.

Diplomats said enriched uranium scavenged from the warheads could bring hundreds of millions of dollars. The U.S. Congress has also approved up to \$800 million for dismantling arms in the former Soviet Union.

In Moscow, Andrei Kokoshin, the first deputy minister of defense, said Russia would share any proceeds from the dismantling of nuclear weapons with Ukraine, but that he was not sure there was much forthcoming.

In the first months of independence, after agreements under which all nuclear weapons were to come under the control of the Commonwealth of Independent States, Ukraine allowed the transfer of all its tactical nuclear weapons to Russia. That left it with 176 intercontinental ballistic missiles and about 1,200 nuclear warheads.

Igor Yukhnovsky, a physicist who was recently named first deputy prime minister, said these would not be transferred without compensation. He said Ukraine would seek either to sell the nuclear fuel to Russia or the United States, or to barter them for fuel for nuclear power stations.

Both President Leonid M. Kravchuk and the new Ukrainian prime minister, Leonid Kuchma, have also said in recent days that Ukraine had made a mistake giving away its tactical nuclear weapons. But Mr. Kravchuk has tried to avoid the impression that Ukraine is setting conditions on START, since he agreed in Lisbon in May to abide by the treaty.

## WORLD BRIEFS

### Finding Damaged 747 Engine Bolt, Swissair Cancels Two Flights to U.S.

ZURICH (AP) — Swissair said Friday it canceled two flights to the United States because it found a damaged engine-mount bolt on a Boeing 747. The airline said it ordered immediate recalls of its five 747s, two weeks after they passed a Boeing-recommended check that followed the crash of El Al cargo 747 in Amsterdam.

The engine-mount bolt was not on the Boeing checklist, Swissair said. Mechanics found the damaged bolt in a diagonal strut during a periodic overhaul of one of the jetliners, it said.

Boeing had recommended inspection of the 10-centimeter (4-inch) engine fuse pins that help connect engines to the wings of 747-100s, -200s and -300s. Swissair said it had carried out the first inspections of the fuse pins of its 747s without finding any flaws.

### Bad Year for Ozone Layer, UN Says

GENEVA (AP) — A combination of manufactured chemicals and volcanic gases caused unprecedented destruction of the protective ozone layer over large parts of the world in the last year, a United Nations environment agency said Friday.

The World Meteorological Organization said ozone levels over Northern Europe, Russia and Canada last winter and spring were 12 percent below the seasonal average. The agency said this was "an occurrence never before observed in more than 35 years of continuous ozone observations." It also reported high destruction levels over the South Pole and populated areas in southern Argentina and Chile.

The ozone layer shields the Earth against damaging rays from the sun. Its depletion is expected to increase the incidence of skin cancer, blindness and vulnerability to disease, harm crop yields and damage marine food chains.

### BBC Liberia Report Angers U.S.

WASHINGTON (AP) — BBC officials have expressed regret to the Bush administration for a report that angered Herman J. Cohen, assistant secretary of state for African affairs, and left the impression of a major shift in U.S. policy toward Liberia's civil war.

Mr. Cohen, answering a question after a speech at Harvard on Nov. 4, said, "Unfortunately, the Economic Community of West African States is no longer a neutral party. They came in there as a neutral party hoping to bring about a mediation, but they are now one of the combatants." He was referring to the West African peacekeeping force battling Charles Taylor, a guerrilla leader.

The comments left the impression that Mr. Cohen was agreeing with Mr. Taylor's view that the peacekeepers were taking sides. But, according to Mick Delap, deputy head of BBC's Africa Service, Mr. Cohen maintained that his remarks had been made in confidence and was misinterpreted. The BBC sought to make amends by quoting Robert Hondo, a deputy assistant secretary, as saying there had been no change in U.S. policy.

### Let's Call the Whole EC Thing Off?

BRUSSELS (Reuters) — As the European Community struggles to overcome popular opposition to the Treaty on European Union, a survey published Friday said that almost half of its citizens would not care if it were delayed if the whole Community was scrapped.

The survey, carried out in September for the EC Commission, said 8 out of 10 citizens had confessed to knowing either very little or nothing at all about the Maastricht blueprint for political, economic and monetary union.

Some 44 percent said they would be very sorry if told the Community was being scrapped — but 34 percent would be indifferent and 12 percent delighted. Just under half of those surveyed in the 12 member states thought their country benefited from Community membership; 34 percent disagreed, and the remainder did not know.

### Savimbi Forces Advance in Angola

LUANDA, Angola (Reuters) — Rebel troops led by Jonas Savimbi control more than half of Angola and are preparing to lay siege to key cities in the provinces, diplomats said on Friday.

The diplomats said troops of Mr. Savimbi's National Union for the Total Independence of Angola, or UNITA, confirmed state radio reports that the capital of northern Malanje province was being encircled by UNITA forces. They said UNITA was also consolidating positions around Benguela and Uige and was gaining territory in nearly all parts of the country, although some of the main cities were still in government hands.

### U.K. Press Grinds Out New Grist On Charles

REUTERS

LONDON — Britain's royal family suffered another blow Friday when tabloid newspapers said Prince Charles had been taping telling an old flame, a middle-aged married woman, that he loved and adored her.

The Daily Mirror said it had gained possession of a "love tape" in which the heir to the throne — whose marriage to Diana, Princess of Wales, is said to be in difficulty — and Camilla Parker-Bowles declared their love for each other.

The story set off a string of reports in the other tabloids, which are vying with one another to publish ever more lurid accounts of the reported breakdown of the 11-year marriage of Charles and Diana.

In the summer, a tape emerged in which a woman widely held to be the princess was sweet-talked by a male admirer. That sent shock waves through the monarchy and compounded the woes of the troubled royal marriage.

The Daily Mirror, which has been largely pro-Diana in the great marriage saga, said the prince, 43, and Mrs. Parker-Bowles, 45, told each other "I love you." The prince also reportedly said "I adore you. I'm so proud of you."

It gave no further extracts or context for the loving remarks, which it said were recorded in 1989. Nor did it say how the tape had been obtained.

Mrs. Parker-Bowles, a long-time friend of the prince's, is married to a brigadier who moves in royal circles and who has served as an honorary guard to Queen Elizabeth II. The couple have been married for 19 years.

Although it is not unusual for members of the upper classes to exchange effusive endearments, the tabloids seized on the story as proof of their argument that the prince is largely to blame for the marital rift.

Supporters of Diana's say her husband's long-standing affection for Mrs. Parker-Bowles soured the marriage from the start. His camp has accused the media of jumping to conclusions on the basis of a biased account.

The 31-year-old princess began a three-day visit to France on Friday during which she will call on President François Mitterrand and visit centers for the handicapped.

While in France, the princess will miss her husband's 44th birthday on Saturday.

### Correction

A caption in the Leisure pages in the Friday editions incorrectly described a photograph of Hong Kong Central Plaza was not pictured.

### TRAVEL UPDATE

The "bus," a creation of bus and taxi, is one of 60 innovations newly approved by the Italian government to reduce pollution in the 15 smoggiest cities. Others include a car pool arrangement in which drivers of private cars who pick up neighbors will be allowed into city zones otherwise closed to such traffic. (AP)

The Euro Disney park has opened an ice-skating rink until the end of March. The rink is in front of the New York Hotel outside the park, and is designed to recall the same attraction at the Rockefeller Center in New York. Disney charges 50 francs (\$9.30) for adults and 30 francs for children for each two-hour session, skate rental included. (UPI)

Air France flight attendants have called a strike for Nov. 23, a union representative said Friday. Several Air France unions plan to strike that day in protest against cost-cutting measures, including job reductions, aimed at bringing the state-owned airline back to profitability. (Reuters)

### Japan Prosecutor Cites Takeshita Intervention

The Associated Press

TOKYO — A prosecutor told a court Friday that Noboru Takeshita, the former prime minister, offered to help obtain a loan for a trucking company that had millions of dollars in bad loans, to businesses owned by a gang boss.

It was the latest allegation linking gangsters to Mr. Takeshita, who has faced accusations that organized crime was involved in his 1987 rise to power by silencing rightists who had harassed him.

Prosecutors have said the gangsters were acting on a request by Shin Kanemaru, who until recently was Japan's most influential politician.

Mr. Kanemaru resigned from parliament last month following public outcry over his acceptance of \$4 million in illegal donations from Hirooza Watanabe, the former head of Tokyo Sagawa Kyubin, the trucking company Mr. Takeshita allegedly offered help.

The prosecutor, Yasuhiko Kaneda, spoke Friday at the trial of Jun Saotome, a former Sagawa executive charged with breach of trust along with three others executives, including Mr. Watanabe.

Mr. Saotome was quoted as saying in an affidavit that Mr. Takeshita met with him and Mr. Watanabe in June 1991, and told them that he could ask Nippon Credit Bank to arrange a loan for the trucking company. The company had suffered \$400 million in losses because Mr. Watanabe and Mr. Saotome had guaranteed loans for dubious real-estate ventures and stock investments by Susumu Ishii, a gang boss.

The officials denied reports from Tokyo that the decision was because of domestic difficulties, including ratification of the Treaty on European Union.

Mr. Major, officials said, already had a commitment to visit India for its national day on Jan. 26 and was not able to visit Japan as well in the same month. Japan, they said, had agreed to reschedule his visit to coincide with the next Group of Seven economic summit meeting in Tokyo in July.

(Reuters, AFP)

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### DE KLERK: Critics Draw Fire

(Continued from page 1) townships, the more petty its politics and the greater the toll on Mr. de Klerk.

On Thursday night, he struck back in a pugnacious upbeat address to the annual dinner of the Foreign Correspondents' Association. He lashed out at prophets of gloom and doom, rebuked those who say his government had got cold feet at the precipice of change and accused the ANC of practicing an "intemperate, intolerant" style of politics that, he said, was poisoning the trust needed to carry the nation through a difficult transition.

The speech was delivered with gusto and received with stony silence. "He sounded like a party hack," said Joe Slovo, the Communist Party leader and one of many

veterans of the liberation struggle who were in the hall as invited guests.

Even the venue of the dinner symbolized the problems facing Mr. de Klerk's administration. It was the gold-colored Johannesburg Sun hotel — the biggest, splashiest skyscraper in town. Just two weeks ago, the hotel's management announced that it was slashing room rates by two-thirds and converting from a luxury to a budget hotel.

The reason: downtown Johannesburg is too full of immigrants to attract a high-dollar trade, which has fled to the headline Wednesday in the Johannesburg Star.

Most analysts here doubt that Mr. de Klerk faces defeat in an election — at least not before a national vote.

"I just don't buy the idea he is damaged goods," a Western diplomat said. "He still has credibility in the West, and while he has a lot more critics at home than he's ever had before, I think most of them realize that there is no one to replace him. He and Mandela are indispensable to getting South Africa through this transition."

After a two-day trial, the jury decided that Marie-José Garner was not guilty of voluntary homicide in the February 1989 death of Ali Rafa during a dispute over crossroads. Miss Garner testified that she had fired in the air. Young Arabs in the courtroom shouted in

# VOTE '92 / THE IRAQ CASE

## ★ TRANSITION NOTES ★

### Bork, Justice Denied, Hopes for Revenge

WASHINGTON — For more than a decade, the combat roles in judicial nomination fights were clear and unvarying. A conservative White House under either Ronald Reagan or George Bush would nominate a conservative candidate, and liberal groups would scrutinize, criticize and mobilize to try to stop confirmation by the Senate. Conservatives outside the administration were little more than cheerleaders on the sidelines.

But the election of Bill Clinton is likely to reverse their role.

Anticipating the change, Robert H. Bork, a former federal appellate judge who was denied a seat as a Supreme Court justice in a bruising confirmation battle in 1987, has solicited funds to establish a new group to put federal judicial nominees under close scrutiny from a conservative judicial perspective.

"The judicial selection monitoring project is so vitally important to our nation's future that I am asking you directly and personally to support it," Mr. Bork wrote in a fund-raising letter recently mailed to 350,000 people. Calling President-elect Clinton a captive of liberal interests, Mr. Bork asked for donations to the Free Congress Foundation, a conservative organization in Washington headed by Paul M. Weyrich, which will run the monitoring group.

Mr. Bork's letter is flavored with the hope of obtaining a measure of revenge. He writes that his nomination to the Supreme Court should have been the high point of his life, but that liberal interest groups turned it "into a savage political circus."

### The Inauguration: Bigger Than Woodstock?

WASHINGTON — As many as 250,000 people, the largest such gathering in the nation's history, are expected for the inauguration of Bill Clinton as president, according to the chairman of the Joint Congressional Committee on Inaugural Ceremonies.

After briefing reporters on plans for the event Jan. 20, the chairman, Senator Wendell H. Ford, Democrat of Kentucky, hammered four nails into a series of pine scaffolding to mark the start of construction of temporary stands at the Capitol.

Mr. Ford attributed the potential size of the gathering — which would amount to 100,000 more people than attended President George Bush's inauguration in 1989 — to "pent-up aspirations of Democrats after 12 years of Republican rule."

He said that, aside from tickets to be distributed by aides to President-elect Clinton and Vice President-elect Al Gore, each member of the House of Representatives would have 100 invitations to dispense and each senator would have 200 tickets. Besides invited guests who would occupy large areas in front of the inaugural platform about 75,000 to 80,000 people will be permitted to stand on the Mall, where they will get a clear view of the ceremonies.

### Clinton Says He's Turned Off by Much on TV

WASHINGTON — President-elect Clinton says he is "mortified" by some of what is shown on television and that Hollywood should take the lead in "deglamorizing mindless sex and violence."

In an interview with the magazine TV Guide, Mr. Clinton also said that after taking office he might again go on MTV, "Larry King Live" or "The Arsenio Hall Show," or conduct "some kind of roving town meetings." He said he would be "nuts" to allow his message to be filtered solely through reporters.

Mr. Clinton, who received substantial campaign support from the entertainment community, said that television and filmmakers "could, without undermining their artistic integrity, have a major new impact on the way people view the world."

"There's no question the cumulative impact of this banalization of sex and violence in the popular culture is a net negative for America," he said.

But Mr. Clinton took exception to Vice President Dan Quayle's criticism of the television show "Murphy Brown" for portraying the central character as an unwed mother. Mr. Clinton said Mr. Quayle "picked the wrong target and was obviously trying to politicize it." He also described the "family values" rhetoric at the Republican convention as "awful" and "appalling."

## Bank-Fraud Affair Takes Step Toward A Special Counsel

By Elaine Sciolino  
*New York Times Service*

WASHINGTON — The Justice Department has taken the first step toward appointing an independent counsel to investigate the government's handling of a politically sensitive bank-fraud case involving Iraq, according to the leader of the department's internal inquiry.

The official, Frederick B. Lacey, a former federal judge who was appointed by Attorney General William P. Barr last month to help him decide whether to appoint an independent counsel, said in an interview that allegations of wrongdoing by American officials were serious enough to move on to the next phase of the investigation.

In an extraordinarily blunt letter to Mr. Barr last month, Senator David L. Boren, Democrat of Oklahoma, who is chairman of the Senate Intelligence Committee, asserted that the Justice Department and the CIA had misled prosecutors, a federal judge, and the American people in the bank-fraud case.

He listed four reasons why Mr. Barr should reverse himself and appoint an independent counsel: the recent discovery of classified documents relevant to the case; the strong public criticism of the prosecution by Marvin H. Shabo, a federal judge who headed the case but recused himself because of his strong opinions; a CIA admission that, at the strong urging of the Justice Department, it produced what the senator called a "misleading" letter to the prosecutors; and the announcement by the CIA and the Justice Department that they had started investigations of the case.

By accepting the recommendation to Mr. Barr on Oct. 26, he said he was making his disclosure in response to news organizations' inquiries about the status of his investigation.

As a result, Mr. Barr, in effect, acknowledged for the first time the possibility of criminal wrongdoing by Bush administration officials in the scandal involving the Atlanta branch of the Banca Nazionale del Lavoro.

## Kissinger Apologizes For a 1969 Wiretap

By Martin Tolchin  
*New York Times Service*

WASHINGTON — After more than two decades, Henry A. Kissinger has apologized for his role in wiretapping the home telephone of Morton H. Halperin, who was then a White House aide.

As a result, Mr. Halperin dropped on Thursday his 19-year-old lawsuit seeking damages for the 21-month 1969 tap, ending one of the longest legal battles in Washington.

"It is something if circumstances were repeated I would not do again," Mr. Kissinger wrote Monday to Mr. Halperin, his former protégé and national security aide, who had been suspected of disclosing classified information. Mr. Kissinger was then President Richard M. Nixon's national security adviser and later secretary of state.

The Kissinger letter, written in December 1991, was made public on Thursday after a federal district court judge dismissed the Halperin lawsuit, at his request. Mr. Halperin delayed his action until earlier court rulings were vacated.

"I agreed to the dismissal of the case in return for the letter from Kissinger," said Mr. Halperin, a senior associate of the Carnegie Endowment for International Peace. "He is accepting moral responsibility for what happened."

In his letter, Mr. Kissinger said: "Both of us have paid a price. Twenty years ago your privacy and your family's were invaded, and you have been pursuing legal relief ever since. For me, the result has been virtually a decade and a half of defending myself in court against charges that I was the principal person responsible for a violation of constitutional rights."

Mr. Kissinger said he accepted "moral responsibility" because he had "acquired" the tap, which was conducted without a court order. Although J. Edgar Hoover, the director of the FBI, had originally identified Mr. Halperin as a possible source of the news disclosures, Mr. Kissinger said, the National Security Council office became part of the process at least to the extent of reading the reports until May 1970.

Mr. Kissinger said he also bore moral responsibility because "I never inquired into termination procedures."

The tap was prompted by newspaper articles in May 1969 describing the United States bombing of Viet Cong and North Vietnamese supply dumps in Cambodia. The articles infuriated Mr. Nixon and Mr. Kissinger, who enlisted Mr. Hoover in tapping the telephones of national security aides and journalists in an effort to discover who had disclosed the information.

## AMERICAN TOPICS

### New Drug Reduces Craving for Liquor

In a finding that promises to revolutionize treatment of alcoholism, two groups of researchers have independently found a drug that reduces an alcoholic's craving for liquor, the Los Angeles Times reports.

Use of the medication, called naltrexone, in combination with conventional behavioral treatments reduced relapses into alcoholism from the normal 50 percent of patients to only 20 percent, according to separate studies by the University of Pennsylvania and by Yale University.

The discovery could have immediate impact on alcoholism treatment because naltrexone is already widely available for use in treating narcotics addiction.

In the United States at least 10.5 million people are alcoholics, and 100,000 deaths a year, through accidents or disease, are associated with alcohol.

### Short Takes

American Indians danced, drummed and chanted last Wednesday, Veterans Day, on the site where their ancestors wiped out George Armstrong Custer and all 265 of his troopers and scouts on June 25, 1876, at a cost of about 100 Indian lives. The celebration marked a change in the name of the site, from the Custer National Battlefield to the Little Bighorn Battlefield National Monument. Congress approved the name change last year. "Now I feel like I'm welcome," said Senator-elect Ben Nighthorse Campbell of Colorado, a Northern Cheyenne whose grandfather fought in the battle. It was he who sponsored the

case involves charges against Christopher P. Drogos, a banker accused of masterminding a scheme to extend billions of dollars in loans and credits to Iraq from the Atlanta branch of the Italian-owned bank in violation of the bank's regulations.

Some of the loans were used to finance Saddam Hussein's weapons programs. At issue is whether the CIA fully cooperated with the Justice Department and prosecutors in the case and whether the Justice Department bungled the probe.

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He listed four reasons why Mr. Barr should reverse himself and appoint an independent counsel: the recent discovery of classified documents relevant to the case; the strong public criticism of the prosecution by Marvin H. Shabo, a federal judge who headed the case but recused himself because of his strong opinions; a CIA admission that, at the strong urging of the Justice Department, it produced what the senator called a "misleading" letter to the prosecutors; and the announcement by the CIA and the Justice Department that they had started investigations of the case.

Mr. Barr accepted that recommendation, Mr. Lacey said, and directed him to complete his inquiry by Dec. 5 and give him a final recommendation on whether Mr. Barr should seek the appointment of a special prosecutor. An independent counsel would be named by a panel of Federal Appeals Court judges.

Mr. Lacey made his recommendation to Mr. Barr on Oct. 26. He said he was making his disclosure in response to news organizations' inquiries about the status of his investigation.

By accepting the recommendation, Mr. Barr, in effect, acknowledged for the first time the possibility of criminal wrongdoing by Bush administration officials in the scandal involving the Atlanta branch of the Banca Nazionale del Lavoro.



Doug Mills/The Associated Press

### Misuse of Office Gets You Fired, Clinton Asserts

*International Herald Tribune*

LITTLE ROCK, Arkansas

— Bill Clinton said he would dismiss any State Department official caught misusing his position for partisan politics.

Prompted by a question at his press conference Thursday, the president-elect said: "If I catch anybody doing it I will fire them the next day."

"You won't have to have an inquiry or rigmarole or anything else," he said, "because it is too important to me that the rest of the world see us as having a coherent and, as much as possible, nonpolitical foreign policy."

Mr. Clinton was reacting to the dismissal of a senior appointee at the State Department who ordered a search of confidential passport records of Mr. Clinton and his mother, looking for damaging evidence during the presidential campaign. None was found.

"Let me just say this," Mr. Clinton said. "If I catch anybody using the State Department like that when I'm president, you won't have to wait till after the election to see them gone."

### ETHICS: A Tough Code

(Continued from page 1)

her work in the transition for private gain."

Any aide who violates the rules will be subject to immediate dismissal, Mr. Christopher said. Mr. Clinton will most likely sign an executive order upon taking office to enforce it, Mr. Christopher said.

He said the transition team, in setting up the guidelines, tried to balance the desire to have the best and most knowledgeable people with the need to insure that no special interest will have undue influence over Mr. Clinton's administration.

People with expertise in public health, education, science or technology can seek a "limited waiver" if they get around some of the conflict-of-interest guidelines, Mr. Christopher said. But he said there would not be many issued and that he would give such requests a tough review.

At a news conference on Thursday, the president-elect promised the strictest code of conduct in history for his administration and said he hoped that it would bolster the vice president-elect a significant partner in his administration.

Noting that Jimmy Carter might have tried to do much at once when he came to Washington, Mr. Clinton said he was impressed by Ronald Reagan's decision to use omnibus legislation in moving his agenda through Congress. "I think the fewer votes you have, the better off you are," Mr. Clinton said.

Stylistically, Mr. Clinton was decisive when it served his interest — promising to reverse Bush administration policies on abortion counseling and Haitian refugees — and vague when he wanted to avoid being pinned down on policies.

Mr. Clinton's promise of a three-step ethics approach — he also plans reform of lobbyist disclosure and campaign finance laws — follows a political year in which several candidates, notably the independent Ross Perot, touched a nerve with angry voters by attacking the special interest and lobby circuit of Washington.

In his news conference on Thursday, Mr. Clinton also said he would reverse President George Bush's ban on abortion counseling in federally financed clinics and the administration's policy of turning over the State Department's investigation of his passport files to assert that he will not tolerate misbehavior.

"I just want you to know that the State Department of this country is not going to be fooling with Bill Clinton's policies, and if I catch anybody doing it I will fire them the next day."

Mr. Clinton and Mr. Gore went from transition headquarters to a Little Rock hospital to visit Senator David H. Pryor, Democrat of Arkansas, who had heart surgery Thursday.

Arthur Higbee

## CLINTON: Taking Command

(Continued from page 1)

do without legislative action. He raised questions about his programs that were largely ignored during his campaign. On the college-loan program, for example, he said his advisers would have to determine how much a student could borrow each year and how much a family had to contribute as part of the arrangement.

The structure of the transition team, particularly in domestic issues, was studied. Mr. Clinton's desire to have advisers who represent competing wings of the Democratic Party and who are most likely to disagree in the formulation of policy.

Many, like George Stephanopoulos, his spokesman, and David Wilhelm, the political director, served prominently in his campaign. Others, like Robert B. Reich, the Harvard economist, and Al From, president of the Democratic Leadership Council, have been influential advisers to Mr. Clinton since before he became a candidate.

The economic team will be headed by Mr. Reich and Gene Sperling, a top issues aide during the campaign. Both played influential roles in formulating the economic program, issued in June, that scaled back Mr. Clinton's deficit-reduction goals and called for significantly greater spending by the government on roads, bridges and other infrastructure projects.

On the other hand, Mr. From will head the domestic issues group, assisted by Bruce Reed, a campaign adviser. They are certain to promote the other part of Mr. Clinton's agenda, such as welfare reform and other policies to "reinvent government" and to oppose what the Leadership Council often attacked as the tax-and-spend policies of the Democratic Party.

If the campaign is any guide, Mr. Clinton will resolve potential disputes himself. Asked Thursday whether policies he espouses will be those of his advisers or his own, he said: "Mine. They will be mine."

By including health care as one of three domestic-issue areas in his transition, Mr. Clinton signaled his commitment to follow through on perhaps the most complicated problem he will confront as president.

In the foreign-policy area, he tapped two people who worked closely with him through the campaign, Sandy Berger, a Washington lawyer, and Nancy Soderberg, a former aide to Senator Edward M. Kennedy, Democrat of Massachusetts. But also on his list is Leon Fuerth, the top foreign-policy adviser to Al Gore, a sign of Mr. Clinton's commitment to making the vice president-elect a significant partner in his administration.

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Stylistically, Mr. Clinton was decisive when it served his interest — promising to reverse Bush administration policies on abortion counseling and Haitian refugees — and vague when he wanted to avoid being pinned down on policies.

He said he would try to remain accessible to ordinary Americans, despite the security risks, and tried to show he got the message that voters want to clean up the government. He pledged strict rules of ethics and used the controversy over the State Department's investigation of his passport files to assert that he will not tolerate misbehavior.

"I just want you to know that the State Department of this country is not going to be fooling with Bill Clinton's policies, and if I catch anybody doing it I will fire them the next day."

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Arthur Higbee

### Away From Politics

• In a series of sniper and rock-thrower attacks on motorists, a 19-year-old man became the third member of a youth gang charged this week in the assaults along a stretch of Interstate 295 near Jacksonville, Florida since February. The attacks prompted the American Automobile Association to issue a rare warning to avoid the stretch of 13 miles (20 kilometers) of interstate that forms a beltway around Jacksonville.

• The United States believes world economic powers should commit an additional \$600 million to help develop nations to phase out ozone-depleting chemicals, the EPA administrator, William K. Reilly, said Thursday.

• More dishonesty and duplicity is being shown by American high school and college students, according to a new San Francisco study. A two-year nationwide study on ethics that found widespread cheating among theft, lying and cheating among 9,000 people.

• Physician-assisted suicide is to be studied by a state commission created by Michigan house committee. The study is intended to continue for two years and to develop a set of regulations.

• The commanding general of the Alaska Army National Guard and seven other guardmen were killed when their plane crashed while trying to land in bad weather, officials in Juneau, Alaska, said.

• Jurors who deliberated the case of four police officers charged with violating the civil rights of Rodney G. King will not be allowed to hear evidence that three of the defendants were previously implicated in several other police abuse cases, a Los Angeles federal judge ruled Thursday.

NYT, Reuters, LAT, AP, UPI

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# Image Aside (as Asia's 'FVR'), Philippine President Is Off to Indecisive Start

By Philip Shonan  
New York Times Service

**MANILA** — Newspapers have begun referring to President Fidel V. Ramos in headlines only by his initials — FVR — and when Mr. Ramos gave a broadcast speech to the nation shortly after marking his 10th day in office last month, his aides described it as a "fireside chat without the fireside."

Mr. Ramos insists that the comparisons to Franklin D. Roosevelt were never his idea. "Really, our initials are the only comparison between us," he said in an interview, adding he twisted his trademark cigar rather than a long-stemmed cigarette holder.

Whatever their denials, the new president of the Philippines and his team of image-builders at Malacanang Palace clearly see some value in reminding Filipinos that Mr. Ramos, like the American president, is trying to revive a prosperous nation that has fallen onto hard times, and that it will take time.

Mr. Ramos faces overwhelming, interrelated problems — multiple insurrections, a stagnant economy, rampant government corruption — and the sort of poverty that is only an unpleasant memory elsewhere in Southeast Asia.

Since his swearing-in last June, Mr. Ramos' accomplishments in office have been, by most accounts, modest.

He has opened peace talks, but has reached no agreements with the rebels of the Communist-dominated New People's Army and with groups of Muslim separatists. He is trying to preempt any coup attempts, always a threat here, by negotiating with the mutinous soldiers who nearly toppled Mr. Ramos' predecessor, President Corazon C. Aquino.

He has been responsible for a handful of substantive economic reforms, including the elimination of foreign-currency restrictions that had hampered foreign investment in the Philippines, and is eagerly courting new investment from overseas.

Yet many Filipinos say that Mr. Ramos needs to do much more, much faster — that he cannot waste time after so many years of indecision and chaos under Mrs. Aquino, who was never able to deliver the social revolution she promised in toppling President Ferdinand E. Marcos in 1986. A frequent criticism of Mr. Ramos is that he spends too much time studying problems instead of dealing with them.

"Mr. President, excuse me sir, but there is no longer any need to study what's wrong or what's what with the country," wrote Teodoro Benigno, a Manila newspaper columnist who was Mrs. Aquino's press secretary. Mr. Benigno described the Philippines as a "dying" nation and pleaded with Mr. Ramos to understand that "time is not on his favor."

The president, excusing himself, said that he is no longer

able to study what's wrong or what's what with the country," wrote Teodoro Benigno, a Manila newspaper columnist who was Mrs. Aquino's press secretary. Mr. Benigno described the Philippines as a "dying" nation and pleaded with Mr. Ramos to understand that "time is not on his favor."

Few of Mr. Ramos' actions so far will ease — at least not directly — the plight of tens of millions of impoverished, landless Filipinos whose lives have not improved materially since the days of Mr. Marcos.

What Mrs. Aquino used to describe as the "centerpiece" of Philippine government policy, the redistribution of land from rich to poor, seems of no concern to the new administration.

"Some of my friends say they don't like Ramos and that he is doing nothing for us," said Leonida Dusaran, a tenant farmer on the southern Philippine island of Negros. "Me? I want to give Ramos a chance. Our lives became harder under Cory Aquino. At least I believe that maybe Ramos wants to help us."

Diplomats say Mr. Ramos' most important achievement as president may be simply to restore a sense of stability and order to the running of the government.

The nation's most reliable polling organization found last month that Mr. Ramos and his administration enjoy 70 percent popular support, even though he won election in a seven-candidate race with the smallest mandate in Philippine history, 23.5 percent.

Soon after his inauguration, Mr. Ramos set out to make peace with three groups of rebels — the New People's Army, Muslim separatists in the southern Philippines and the soldiers who staged several coup at-

tempts against Mrs. Aquino. He has also granted amnesties to thousands of rebels, and in September he lifted a ban on the Communist Party of the Philippines.

Other rebel leaders say there is reason to hope for peace, given that Mr. Ramos' military background could help blunt criticism of the government if it decides to make major concessions to the insurgents during negotiations. Mr. Ramos served as Mrs. Aquino's defense secretary before resigning to run for president.

Although the Communist insurgency has been faltering for years — the New People's Army now holds only about 10 percent of the nation's land mass, half of what it once controlled, and most of its senior leaders have been captured — the rebels are still capable of inflicting damage on the long-demoralized Philippine Army.

"We continue to be optimistic about the outcome of the peace dialogue," Mr. Ramos said recently. "We must complete this process as quickly as possible."

Mr. Ramos has also promised to turn around the economy of the Philippines, which for years has been the weakest of the major non-Communist nations of Southeast Asia.

While the economies of most of its neighbors are booming — Southeast Asia is the fastest-growing region on earth, with some nations reporting upwards of 10 percent annual economic growth — the Philippine economy was stagnant last year.

Economists are hoping for growth of about 2.5 percent in 1992, but that would not even keep pace with the population growth, which is climbing at a rate of about 2.7 percent a year.

In one of his first important acts as president, Mr. Ramos accepted a \$5 billion debt-restructuring agreement with major creditor banks, a pact negotiated by the Aquino government, that effectively removed the Philippines from the list of developing nations believed in serious threat of default.

In a bold step, Mr. Ramos ended more than 40 years of controls on the transfer of foreign currency in the Philippines. The move delighted foreign investors who, pleased with Mr. Ramos' election and with his selection of economic advisers, were already willing to take a fresh look at the Philippines. Large trade missions have visited Manila in recent weeks from Japan, Taiwan, Hong Kong, Singapore and the United States.

Mr. Ramos has also moved to end a diplomatic rift with the United States, this nation's former colonizer and still one of its most important trading partners, after the rejection by the Philippine Senate last year of a new lease on American military bases here.

Although new American investment has slowed in a trice, the United States still accounts for half of all foreign investment in the Philippines and accepts nearly 40 percent of Philippine exports.

## UN to Alter Its Cambodia Role

### Peacekeepers to Shield Voters From the Khmer Rouge

By Michael Richardson  
*International Herald Tribune*

**SINGAPORE** — The UN Security Council, faced with persistent refusal by Khmer Rouge guerrillas to disarm, is expected to change the United Nations' mandate in Cambodia so that international peacekeeping forces can protect voters against possible Khmer Rouge harassment in the approach to elections next spring.

However, analysts said Friday, the council is not likely to impose immediate economic sanctions on the Khmer Rouge, in the hope that the guerrillas may be persuaded by the threat of international isolation to rejoin the peace process and take part in elections.

After an unsuccessful attempt at a conference in Beijing last weekend to gain full Khmer Rouge compliance with the 1991 Paris agreements, the co-chairmen of the Paris conference are to make recommendations to Secretary-General Boutros Boutros Ghali and the Security Council by Sunday. The co-chair-

men are Ali Alatas, the Indonesian foreign minister, and his French counterpart, Roland Dumas.

Asian officials said the Security Council would meet in New York next week to consider — and probably approve — a change in the UN mandate.

Until now, UN forces in Cambodia have been mainly assigned to part in what has proved an arduous mission supervise the disarming and cantonment of the four armed forces.

Participants in the Beijing conference said there was now a clear need for redeployment of UN troops to safeguard the elections.

A Khmer Rouge onslaught on UN forces would most likely cause heavy casualties, forcing the UN either to consider withdrawing or to authorize its forces to become peacemakers and take offensive action against the Khmer Rouge.

However, there appears to be a consensus among Asian and Western countries most closely involved in the Cambodian peace plan that the relative military weakness of the Khmer Rouge and pressure from China, the guerrillas' former supporters and arms supplier, would act as a restraint.

For example, Gareth Evans, the Australian foreign minister, said after attending the Beijing conference that, based on assessments by UN peacekeeping forces and intelligence sources, "we can make reasonably confident judgments" that the Khmer Rouge do not have the capability to sustain "a full-scale military assault" in Cambodia.

Mr. Evans said the Khmer Rouge could undertake guerrilla or "terrorist-type" activity, "but that is exactly the sort of risk that UN peacekeeping forces have traditionally faced."

The UN operation in Cambod-

ia — involving more than 17,000 soldiers from 44 countries — is the most expensive peacekeeping project ever undertaken. It is seen as a critical test of the UN's ability to play a wider role in settling conflicts in the post-Cold War era.

Because Khmer Rouge refusal to disarm has made other Cambodian armed groups, especially the forces of the Phnom Penh government, reluctant to hand over their weapons to the UN, only about 22,000 troops have been demobilized out of an estimated 200,000.

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Yasushi Akashi, head of the UN Transitional Authority in Cambodia, said this week that since the UN's original aim of demobilizing 70 percent of the armed forces of the four Cambodian factions had not been achieved, "we might shift some of the troops to safeguarding and protecting voting booths."

According to Western officials, the Khmer Rouge control no more than 400,000 of Cambodia's 8 million people and about 15 percent of the country, mainly in the western sector adjacent to Thailand.

Analysts said that if the Khmer Rouge make a serious attempt to disrupt the electoral process, which is already being carried out by a UN program to educate and register voters, the Security Council will probably impose economic sanctions.

Such a project would involve sealing the 800-kilometer (500-mile) border between Thailand and Cambodia to cut off trade in logs and gems that is providing the Khmer Rouge with millions of dollars in revenue.

However, the Thai government has cautioned that it would be difficult to enforce such an embargo because trade is in the hands of private Thai businessmen and much of the border runs through mountains and forest.

But if Japan goes ahead with the current contract, it seems likely to have problems at home. Only one commercial-size breeder reactor is currently in operation, and plans to expand the use of plutonium in other reactors have been slowed. While Japan is highly dependent on nuclear energy — it provides a quarter of the country's electricity — growing public opposition has made it difficult to build new nuclear power plants.

People here feel overwhelmed by their own

## JAPAN: Rethinking Plans

(Continued from page 1)

Agency, the owner of the Shikishima, said Friday that, if necessary, its ship would fire warning shots to keep Greenpeace away.

The cargo ship has only one armament, the equivalent of a Coast Guard vessel, because Tokyo was concerned that the constitution prohibited it from sending more heavily armed navy vessels.

The constitutional ban here against offensive military capability has been interpreted as preventing the navy from straying more than 1,000 miles from the Japanese islands.

Japanese experts point out that it would be extremely difficult, both financially and politically, to terminate the plutonium program. Since it was begun 20 years ago, Japan has built a huge industry around it, convincing the country's utilities to invest billions of dollars in breeder-reactor technology. It has also signed multibillion-dollar contracts with Britain and France to reprocess Japanese nuclear waste into plutonium fuel for the next 15 to 20 years. Starting around the year 2000, Tokyo hopes to open its own reprocessing plant in northern Honshu, Japan's main island.

Breaking the contracts would be a blow to France and Britain, whose reprocessing facilities are highly dependent on the Japanese business. Europe's own breeder-reactor programs are on the wane, and the Carter administration ended the U.S. program in the 1970s.

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## CRISIS: Amid Anti-Foreigner Violence, Fear That Worst Is Yet to Come

(Continued from page 1)

kilometers (60 miles) east of Rostock, the focus of the violence has been a dormitory for foreign students in the middle of a neighborhood that was built to house workers for a nearby nuclear power plant. The installation has been shut down for safety reasons.

"Unemployment is effectively at 40 percent," Mr. Goerlich said. "Almost every second family is affected by unemployment. Under the Communists, they had their jobs and their required youth groups and sports programs, and then they could come home and live in another world."

"But now that whole coping mechanism is gone," he said. "Parents cannot cope with the challenges of raising their children either, because they too are confused."

The police estimate that the hard-core neo-Nazis in the town number no more than about 20; nationwide, there are about 6,500, in a population of 79 million.

Asked what the attraction of right-wing parties was to young people who grew up under communism, Burkhard Seest, a 23-year-old unemployed former engineering student, said:

"Before, the idea of German nationalism and national pride was suppressed as a bad idea. Even in West Germany it was bad form. After the Berlin Wall fell, some people here went looking for the last German party that seemed to them to have openly championed nationalism, and that was the Nazis."

Mr. Goerlich's toe was mashed by a brick last month in violence that broke out after the failure of his efforts to bring about a truce between leftist and rightist gangs that battled each other in front of the foreign students' dormitory. The students, he said, were caught in the middle.

When rumors spread that rightist youths from Rostock were going to come to town and storm the dormitory again last month, leftist radicals came in from West Berlin to clash with them, according to the Greifswald police chief, Rolf Matschinsky. A fight between two such groups resulted in the nearly fatal beating of one of the leftist radicals on Oct. 17, setting the scene for confrontations in front of the dormitory almost every night of the following week.

Why did foreigners become a target? Greifswald, like every other German city, has had to contend with an influx of foreign asylum-seekers, more than 400,000 of whom have entered the country in the last 10 months. Greifswald now shelters 640 of them, and most of the last 200 have been Gypsies from Romania.

People here feel overwhelmed by their own

problems already, and the influx of asylum-seekers seemed the last straw. Widespread theft by asylum-seekers also contributed to the anti-foreigner mood on the streets, and on Oct. 21 Mr. Goerlich went to the shelter to confront the problem.

"I must demand that these thefts stop immediately," he warned the foreigners in a written statement. "I cannot permit you to endanger the right of asylum for other people for your own benefit."

Another city employee said: "It isn't that Germans are particularly against foreigners. People who are out to make trouble always pick on the weak as their victims."

This man, who lives in the neighborhood of

On Oct. 23, the 36th anniversary of the 1956 anti-Communist revolt that was suppressed by Soviet troops, hundreds of skinheads went into Budapest. About 200, carrying fascist symbols, shouted down President Arpad Goncz and prevented him from making a speech.

"This isn't democracy in Hungary, it's anarchy," a teenage high school skinhead said at a recent rally in the capital. "We have nothing against other nationalities, as long as they have Hungarian-type thinking."

The attack by Polish skinheads on the German truck driver in Nova Huta was followed by an outpouring of anguish and sympathy for the victim by citizens who laid bouquets of flowers on the street where he was beaten.

But radical elements have shown a growing tendency toward violence against not only Germans but also Jews, the Polish authorities say. They have issued a warrant for the arrest of Boleslaw Tepkowski, the leader of a tiny political group called the Polish National Community, believing him responsible for inciting skinhead groups to attack Jews.

Konstanty Gebert, a Polish journalist who has written about the growth of ultranationalism in his country, said of Mr. Tepkowski's group: "Its only significance is that it has mobilized the skinheads."

In Prague, Romanian Gypsies have frequently been targets for nationalist toughs. Miroslav Martina, whose son Alek was a skinhead until he was murdered a year and a half ago, said the Gypsies' reputation for stealing was the main reason for the hostility shown them.

"Skins are against criminal elements," he said. "They know they don't come from rich families. They know how long their father or mother had to work to buy them a gold necklace, for instance, and then somebody steals it, using brute force. The skins want to help decent people, and want to let them know there is somebody strong on their side."

Marxists would call this a war of the poor against the poorer, a phenomenon typical of capitalism. But nobody pays much attention to Communists in Eastern Europe any more, and capitalism has not really got a foothold yet.

Though the problems the Hungarian skinheads have created have not yet been on a large scale, the authorities are worried that they could be soon.

"Beginning at the end of 1991, the skinheads began to grow wider," said Mr. Gabriel, the Budapest detective. "They steal, they murder, they rape. They are stepping into political boundaries, and beginning to be a little more organized."

"Beginning at the end of 1991, they'll be running around here in SS uniforms soon," Stanislav Safranek, a policeman in Ust nad Labem, told the Czech newspaper Kvet. "And if there are no Gypsies around, they will find other targets."

GOING ONCE, TWICE, SOLD!!!

INTERNATIONAL ART EXHIBITIONS AUCTION SALES' COLLECTOR'S GUIDES IN SATURDAY'S INTERNATIONAL HERALD TRIBUNE TODAY PAGES 6 & 7

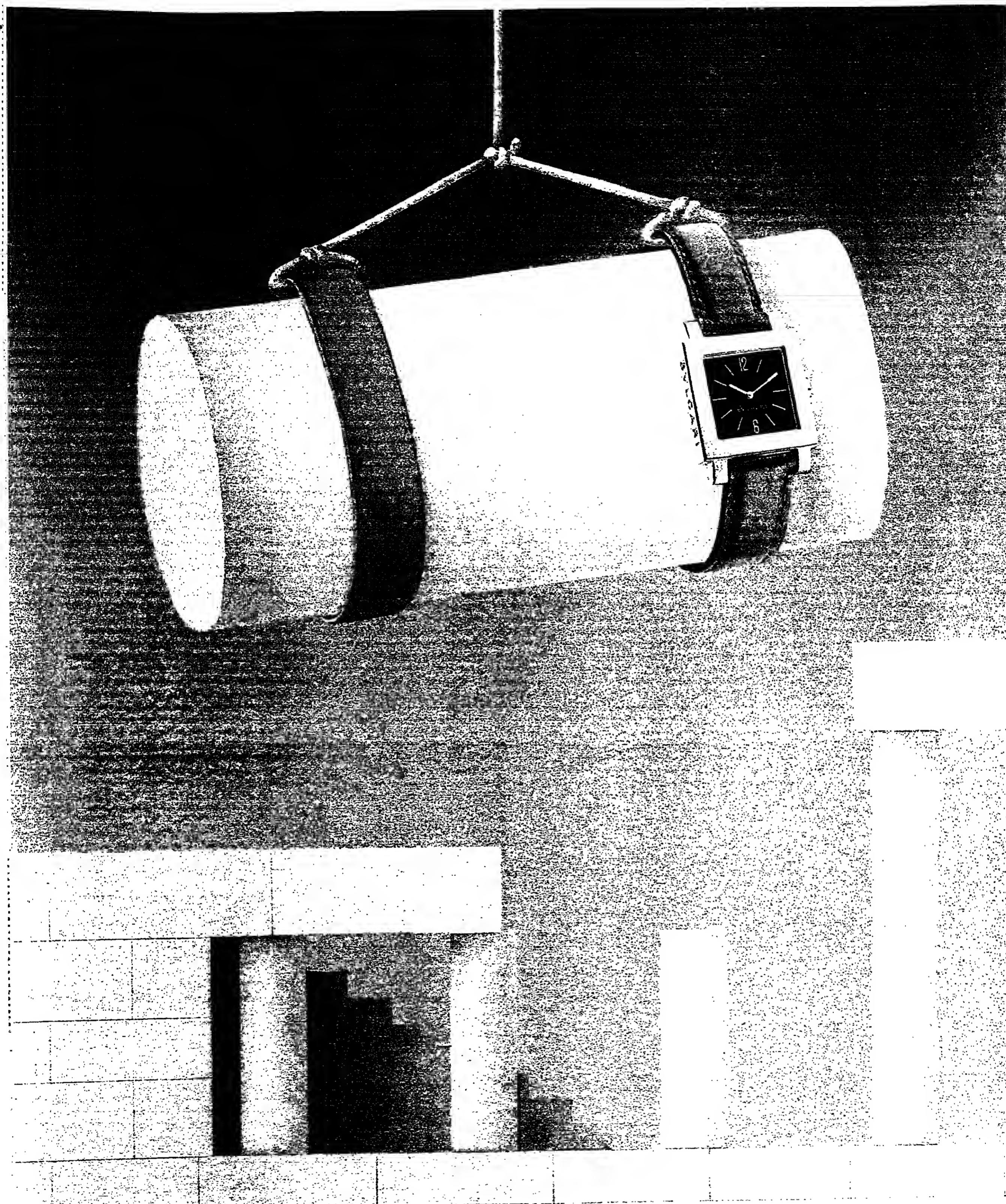
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# Art Market Finds Some Stability — at a Much Lower Level

International Herald Tribune

**N**EW YORK — For any market subject to a prolonged crisis, there comes a time when it finds a new balance at a lower price level. That is where the art market now stands. Those who get the message reap the rewards, while the others are looking for trouble.

Never, in recent years, was there ever such clear contrast between the poor showing of one auction house, Sotheby's, and the overriding success of the other, Christie's, within 24 hours of each other. This week, the subject was Impressionist and Modern art, a field that has been twisted out of shape by specula-

**SOURCEN MELIKIAN**

tion and price manipulation but now seems to be miraculously coming out of the woods. Consider the raw figures. On Tuesday night, Sotheby's offered 66 lots, sold only 35 for \$35.6 million and suffered a failure rate of 36 percent by value, which would have been worse without an \$11 million Matisse, "L'Asie." On Wednesday night, Christie's took over with 76 lots, sold 59 for a total of \$70.6 million, and concluded on a thoroughly tolerable 9 percent failure rate by value. Here, too, Matisse helped, with "Harmony in Yellow" of 1927-28, which set an all-time high for the artist at \$14.52 million.

Sotheby's counterperformance is easily explained and was entirely predictable. The gloomy expectations on the dealers' faces as they streamed in left no doubt on that score. There was a whole string of mediocrities that either should not have been there at all or should have had their estimates slashed by half, if not more. A few bordered on the grotesque, damaging the whole sale with their downmarket look. Renoir's "André au bleu," a crude sketch in oils of a working-class woman with arms like hams and eyes like jelly in the midst of a pinkish blur, was an unlikely candidate for such an exalted Part One sale. Its \$900,000 to \$1.2 million estimate notwithstanding, it

stopped at \$475,000 without a single bid from the audience.

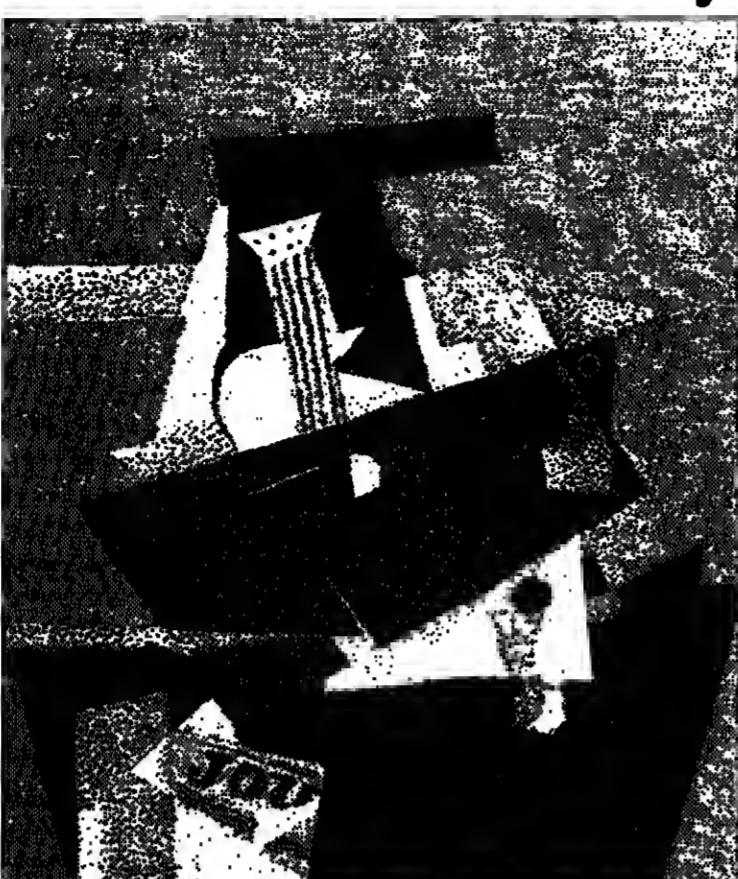
Degas' three dancers in dark pastel colors looking half-finished — which might account for their sinewy half-formed faces and the runny touch to the color strokes — never got off the ground either. The gavel of Sotheby's premier auctioneer John Marion thudded down on an illusory \$250,000 bid.

Worst of all perhaps in this auction, which included Matisse's fantastic "L'Asie," was a study by the master for a woman sprawled on a "matelas" (mattress) with her dress falling off her breast and a leg chastily folded under the other. Bravely, Marion called out for bids from \$400,000 to \$750,000 without anyone pretending to take the slightest interest. Professionals stared, embarrassed. Edward Nahem, the New York dealer in Impressionist and Modern masters, summed up the general feeling as he muttered: "Where do they get the nerve of slapping an \$800,000 to \$1 million estimate on that?"

In the atmosphere of oppressive gloom, few stopped to consider that on the whole, at Sotheby's, the good pictures found buyers. This does not just apply to the outstanding Matisse icon of the late period, "L'Asie," which portrays a woman done in flat strong colors, like a poster, and went to the Kimbell Art Museum for \$11 million. It is also true of delightful little things that appeal to the connoisseur and do not catch media attention.

**A**TYPICAL example is the preparatory sketch in oils by Degas for a little girl seated three-quarters back, with a big black velvet knot tied in the back of her white frock. The tiny portrait, 27.3 by 22 centimeters (10 3/4 by 8 3/4 inches) was painted by the artist while in New Orleans in 1872-1873. The "unimportant" small gem soared effortlessly to \$550,000.

In a higher price bracket, there was Mary Cassat's portrait of a young woman at the opera. Half-concealed by a large fan, she stares at the invisible stage with a flush of concentrated attention. It com-



"Guitar and Newspaper" by Picasso (1914), left, went for \$2.2 million. Matisse's "Harmony in Yellow" was sold for \$14.52 million.

position, as boldly original as the psychological insight into the young woman's emotions is subtle, puts the portrait among the American Impressionist painter's most accomplished works. It shot up to \$2.3 million, exceeding the high estimate by half.

Only one fairly good painting failed to make the grade, Léger's "Les Maisons." Grossly overestimated at \$2 million to \$2.5 million, it stood little chance of going higher than the \$1.7 million bid, at which it remained unsold.

Pervading overestimation resulted in several close calls that night. Matisse's Fauve view of the harbor at Collioure is fine but smallish, and

the canvas is not well covered by the painted surface. It rose, with difficulty, to \$1.375,000, the low estimate, which should have been the middle estimate. Caillebotte's view of the Seine bank with sunflowers squeezed through only just at \$715,000, below the low esti-

mate of \$3 million to \$4 million plus 10 percent premium. Therein lies one of the two factors behind Christie's contrasting success the day after. Many lots came from estates. Christie's had obviously revised several of its estimates downward. This saved the day. A Cubist still life painted by Picasso in 1914 had a most unfortunate salmon-pink background. It got through by the skin of its teeth, at \$2.2 million, far below the esti-



mate of \$3 million to \$4 million plus 10 percent premium. A very indifferent still life done by Matisse in 1925 sold for \$528,000, instead of the \$700,000 to \$1 million plus 10 percent predicted by Christie's. Here, too, were some close calls. Cézanne's view of a clump of trees at the Jas de Bouffan, his provincial estate, done around 1875, was about to be bought in when a single bid brought it up to \$1,525,000 (plus premium). Christopher

Burge, the president of Christie's and one of America's leading specialists in the field who was conducting the auction, knocked it down with undisguised delight and surprise. This says all about the unrealistic character of the estimate, set at \$2 million to \$2.5 million.

Occasionally, the auctioneer indulged in sophisticated strategy. Three paintings in a row came from the Ralph Friedman estate. The

first two were allowed to go below the low estimate on the high probability that the third one would make up for the deficit. It did. Never mind if a pleasing Pissarro landscape was knocked down at only \$950,000 (estimate: \$1 million to \$5 million) or if a Renoir portrait of Gabrielle, looking as fat and as obviously vulgar as ever, followed suit at \$1.55 million, plus premium, instead of the \$2 million to \$3 million hoped for by Christie's. These trifling disappointments were easily forgotten in the glory of the \$12.1 million made by a wonderful view of lilies floating in a pond which Monet painted in 1919. (Interestingly Sam Salz, the New York dealer, had sold the Renoir in 1967 for \$225,750, not much less than the price of the lilies, sold to Friedman in 1966 for \$262,500. Tastes change.) That proves beyond doubt that cash for art is available in abundance when the occasion warrants.

**T**HE auction houses must now face up to the new reality. The silly season, which lasted four heady years, from 1986 to 1989, is over and will not come back soon. A New York commentator lamented the fall of Klimt's view of fruit trees on the banks of a lake near Salzburg, sold for \$4.6 million in 1989 and brought in at Sotheby's at \$2 million. But how many connoisseurs would want a Pointillist landscape from an artist sought after for a very different style? Ten years ago, it would have been hard to sell at a quarter of the 1989 price. It's back to Square One and there is every reason to rejoice.

The art market has been shown at Christie's to have much more life to it than anyone imagined. It could make a fresh start if auction houses can keep their cool and stop competing like elephants charging in a china shop.

**FOR SALE / SOLD**

A king's yacht: A rigs-to-rig Greek, who started out selling lottery tickets, has bought former King Constantine's yacht for 40 million drachmas (\$195,000). The Greek news agency ANA said Dimitris Nikolopoulos was the highest of seven bidders for the 30-meter (100-foot) yacht "Theseus." The yacht has been kept by the navy since the monarchy was abolished. The boy who fought with Nelson

The medals of a naval officer who went to sea when he was 10 years old and fought with Admiral Lord Nelson at Trafalgar have been sold for \$2,860 (\$4,375) at Christie's. The medals were awarded to Lieutenant Alexander Par, who volunteered for the navy in 1796.

Old-time contraceptives: Five 19th-century condoms sold for more than £8,000 at an auction at Christie's of scientific instruments.

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## FIRST COLUMN

## Rate Cuts Wave Flag at Dollar Bulls

**H** anyone doubts the capacity of financial markets to fixate on immediate happenings and lose sight of the long-term trend, just take a look at the dollar.

Currency traders pretty much agreed the dollar was due for a breather after its recent gains. But many traders seem to be tiring of waiting for European and American interest rates to come closer together, the dollar's rosy scenario. The traders shouldn't have much longer to wait.

The weakness in European economies is becoming more apparent daily. Indeed, the word recession is being spoken increasingly in Germany. Most European budgets are already strained, though. The best response Germany has come up with so far is to rule out any new tax increases. So just as in the United States, that leaves only one real weapon to fight the slump: interest rates.

Britain and Italy, still basking in the freedom from their old currency constraint, cut rates again this week, and France chipped its key lending rate by a quarter point for the second time in 10 days. The cuts were welcome, but their main effect was to show just how far the trend has to go.

The key French rate, for example, is still over 9 percent, more than 6 points higher than inflation. The cuts seen so far are hardly enough to get industry to go on a spending spree or pick up the spirits of potential home buyers. As the United States has found over the past two years, with spending right and inflation low, interest rates will have to drop a long way before they bring economic cheer.

The rate cuts are only just beginning in most of Europe. For bondholders and dollar bulls, that's a good sign.

T.B.

## BRIEFCASE

## Fidelity Relaxes Charges On Retirement-Plan Funds

Fidelity Investments announced that it is waiving the front-end sales charges on 16 of its funds for holders of American retirement accounts, such as individual retirement arrangements and Keogh plans.

At the same time, the giant fund company's brokerage arm said it will dispense with the \$20 maintenance charge for 1993 on brokerage retirement accounts as long as two or more trades are executed in them over the coming year.

A Fidelity executive, in a release, calls the moves "a classic win-win situation," but the victory could be more decisive. The funds for which Fidelity will continue to charge loads to its retirement account customers are the massively popular and successful Magellan fund and its Select Portfolios, which invest in individual industry groups.

The need for any load at all on fund shares bought through retirement accounts is questionable, as loads are traditionally a broker's fee for bringing in the money. In this case, though, the money is already there.

## Liffe Dropping Ecu Contract And Launching Mark Trade

The comings and goings on the London International Financial Futures and Options Exchange reflect the chaos of the last few months in world currency markets.

Liffe announced last week that it will launch trading in couple of months on a medium-term German government bond futures contract, known for some unstated reason by the ill-chosen abbreviation "Robl." A couple of days later it said it was suspending futures trading on bonds denominated in European Currency Units.

Not long ago, the Ecu was seen as the money of tomorrow, with all the hope of a single European currency bundled inside the quasi-mythical unit. There was an explosion in bond issues denominated in Ecuas that seemed to make an Ecu bond contract a useful thing to list on a futures exchange.

Then a monkey wrench was thrown into the exchange-rate mechanism. Britain pulled out, Italy pulled out, the Spanish peseta was devalued and a couple of other currencies came close. The future of monetary union was suddenly in doubt and so was the utility of anything quoted in Ecuas. The once-dominant Deutsche mark became dominant once more.

## Shearson: Municipal Bonds Look Better Under Clinton

One way to get ready financially for President Bill Clinton, according to Shearson Lehman Brothers, is to stock up on municipal bonds.

"Investors should prepare for a... Clinton presidency — and higher income taxes

## Silver Lining Appears For Insurance Stocks

By Judith Rebak

**H**URRICANE Andrew ravaged Florida, causing \$10.2 billion in damages. Hawaii reeled under Hurricane Iniki, chalkling up another \$1.6 billion in losses. Tack on a few more bills for the Los Angeles riots and assorted storms, and it adds up to the mind-boggling figure of \$16.3 billion, the costliest year ever for U.S. property-casualty insurers.

So why are their share prices soaring?

According to Wall Street, the disasters will jump-start a long-awaited upswing in premium prices, and a buying opportunity in property-casualty stocks. Hammered down by price wars, premium rates have fallen — in some cases as much as 40 percent — since 1987. Property-casualty premiums generally move in a cycle of three up, then three down years, but the last downswing has dragged on much longer than usual.

"In order to get a turn, we needed an event big enough to crystallize the weaknesses in the industry," said Michael Frinquelli, an insurance manager is zeroing in on companies like U.S. SCOR, which specialize in catastrophe reinsurance. "Prices have already firmed in this specialty, and they're going up," he said.

Insurance companies are also facing up to the fact that with more uncertain stock and bond markets ahead, they may not be able to offset low premium prices with investment income as they did during the 1980s, said Steven Gavios, who follows the industry for Kidder Peabody.

But the biggest factor driving higher prices is the tightening supply of reinsurance, say analysts. Reinsurance is purchased by primary insurers so that they can share the costs of an unexpected disaster. But it was also the sector hardest hit by the hurricanes, causing several U.S. companies to get out of the business, and leaving more on shaky ground.

The huge losses at Lloyds of London are reducing supply as well. "They won't be around this time, as they were in the past, to

be a primary provider of catastrophe insurance and reinsurance. They've cut back dramatically," said Mr. Gavios.

With the stage set for higher reinsurance rates, many analysts favor General Re, the biggest company in the industry. "They're a high-quality company, and they have a strong balance sheet. And they're in control of their destiny," said Mr. Gavios, noting, for example, that the company can control its pricing, since its sells directly rather than via brokers. Mr. Frinquelli has raised his 1993 estimated earnings per share for General Re to \$7.15 from \$6.50, and predicts that the share price, now around \$14, will hit \$150 in two to three years.

Mr. Frinquelli is also touting NAT Re, a smaller regional reinsurer, which he describes as "a little General Re." Salomon brought the company public at \$21 a share last March. It is now trading around \$30.

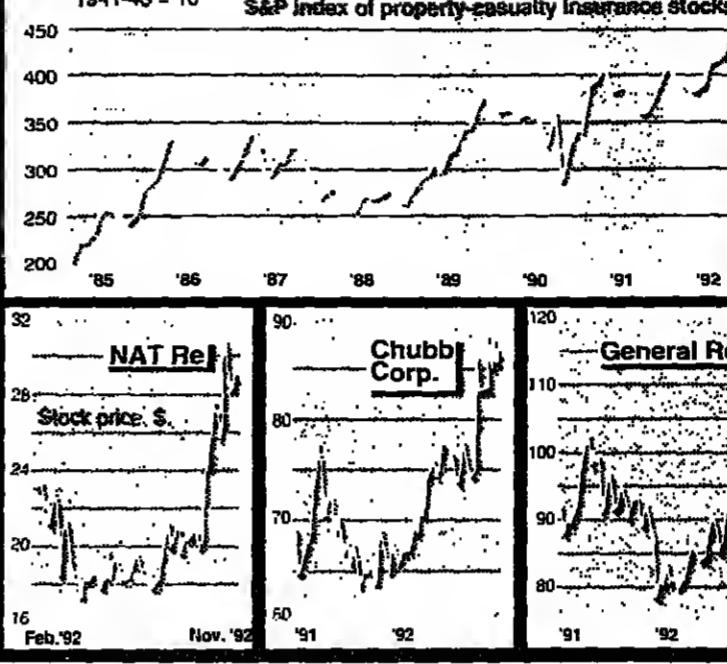
Orin Kramer, an analyst and industry consultant manager is zeroing in on companies like U.S. SCOR, which specialize in catastrophe reinsurance. "Prices have already firmed in this specialty, and they're going up," he said.

As reinsurance rates climb, according to the optimist's scenario, primary insurers, or underwriters, will respond by raising their premium prices. Heading just about everyone's buy list in this category is American International Group, or AIG, widely viewed as the best-managed company and the class act of the industry. "It's the most obvious because of its sheer size, and its global business," said Mr. Frinquelli. The property-casualty giant has just become the first insurer in four decades to establish an office in China and has also opened for business in Czechoslovakia.

Even though AIG shares have had a big run-up, bouncing 14 points in one recent two-week period to \$114, Mr. Frinquelli sees a price of \$135 in two to three years. He notes that, like many companies in the industry, AIG's price-earnings ratio, the price of its stock divided by its earnings, is only 14,

## Winds of Change

500 1941-43 = 10 S&P index of property-casualty insurance stocks.



Sources: Standard & Poor's, Bloomberg Business News

compared to the overall market average of 15. AIG reported Nov. 5 that third-quarter net income fell 8.6 percent because of storm-related losses. It earned \$344.6 million, or \$1.62 a share, compared with \$376.8 million, or \$1.77 a share, in the period a year earlier.

Despite the current enthusiasm for the property-casualty industry, not everyone agrees that premium prices are about to turn upward. There have already been some false starts, caution some analysts. Others think

that the industry is not hurting enough financially to start raising prices.

Optimists expect to see the first solid signs of an upturn in January, the next renewal period when insurers could raise premium prices. But skeptics warn that if the upturn does not kick in then, it could wait until 1994. Still, the word on Wall Street these days is not so much "if," as "when."

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## THE MONEY REPORT

# Debt-Rating Agencies Fill the Gap

By Rupert Bruce

**I**N EUROPE, increasing uncertainty in the debt markets is making the rating agencies more and more influential. As investors have increasingly looked across their national borders and debt issuers have defaulted with startling frequency, so agencies like Standard & Poor's Ratings Group and Moody's Investors Service have been turned to for guidance.

Not so long ago all but the biggest investors stuck to domestic debt markets, but today they look further afield in a quest for the best trade-off between risk and reward. That often means buying the debt of companies or countries they know little about.

Add to that the well-publicized plethora of recent bond defaults by European companies — Maxwell Communications Corp., and Mounteigh, the property company, to name a couple — and the investor's need for help becomes obvious.

The rating agencies provide a guide by forming scales of creditworthiness. So, a bond issue, or an issuer, that is rated AAA by Standard & Poor's, one of the largest rating agencies, has the highest possible credit rating. At the other end of the scale, the lowest quality junk bond is rated CCC.

David Munves, director of business development (Europe) at Standard & Poor's, said that getting a rating is almost a precondition to selling debt now. "The Swiss franc bond market is known as probably the second largest junk bond market in the world, with a lot of unrated cruddy credits. I mean forget it, it's finished...."

The expansion of the ratings agencies in Europe over the last



Source: Standard &amp; Poor's

decade or so has been enormous. Standard & Poor's, for example, has more than 80 analysts outside the United States, with many of them in Europe. That is up from zero in 1984.

Moody's, which has also expanded rapidly, has announced that it would shortly be opening an office in Madrid. It already has European offices in London, Paris and Frankfurt.

And in the first step toward the creation of a true European rating agency — both Standard & Poor's and Moody's are North American — IBCA, a British rating agency, and Euronotation France, merged last month.

Where the approach of analysts working for rating agencies differs from that of equity analysts is that they are merely seeking to establish what the risk of a debt issue is not being fully repaid. Equity analysts have the quite different task of establishing whether a stock is a buy or a sell.

The rating agencies also claim logically, that they are impartial because they have no conflict of interest. Investment banks and brokers, on the other hand, may buy and sell on their own account, or have banking or corporate finance relationships.

The method of examining a corporate debt issuer, however, is similar to that of an equity analyst, if

when things are at their worst and are about to get better and they upgrade when things are at their best.

He used the example of Moody's controversial downgrade of Italy's sovereign debt on Aug. 13. Moody's, which has a different rating scale from Standard & Poor's, downgraded Italian debt from AA1 in AA3 due to poor condition of state finances.

"To think of downgrading Italy at this time," he said, "is ludicrous. If there ever was a time when Italy looked at all like turning the corner it is now."

Still, Standard & Poor's own examination of its record is impressive. Only 2.78 percent of those issuers rated AAA in 1981 had defaulted by 1990. And that was accounted for by one issuer, which was taken over. In fact, all the so-called "investment grades," (as opposed to high-risk, speculative grades), had similarly low rates of default.

An independent study, carried out by the academics Edward Altman and Duen Li Kao, has also shown that the agency rarely downgrades its ratings. Such stability is important because a downgrade is often accompanied by a sharp fall in the price of debt.

Analysts will also take into account such things as global industry trends and the outlook for the economies in which a company operates.

But however scientific their techniques, the two big American agencies have their critics. A senior manager at a leading bond investment management house, who did not want to be named, said: "As far as Moody's and Standard & Poor's are concerned, the problem is that they tend to be reactive rather than proactive."

"The basic problem is that they downgrade [reduce a credit rating],

which is the opposite of what they do."

After all, private investors, like institutional investors, are becoming increasingly international and have also been victims of the recent bond market defaults.

Both of the American agencies say that it is not just institutional debt investors who subscribe to their services. Many private investors who are anxious to monitor the creditworthiness of their bonds, bond funds, or other debt instruments subscribe to regular publications. Private investors can also read about downgrades in newspaper debt market reports.

IT IS doubtful that many individual investors in an offshore fund think twice about its custodian bank, but regulators and managers ruminate over it quite a bit, for it is that bank that holds the fund's assets.

While managers are more likely to be in global financial hubs rather than the tiny islands that have set themselves up as investment centers, custody is the one function the territories insist be performed at home, because the custodian bank is where everybody's money is — or isn't, if something is amiss.

Funds in either of two of the Channel Islands, Jersey or Guernsey, considered by many to be the leading offshore centers, can be marketed on the other and in many other jurisdictions, and their administration can be away from their home base, but the custodian bank must be on the island where the fund is domiciled.

"We are open more to cross-border operations, but we are wary about them," said Alan Heard, Jersey's authorization manager for investments and securities. "We have some funds where all the real work is carried out somewhere else, say the U.K., but we want all the information sent back to Jersey."

And they want responsibility for sound reasons. "What happens if something goes wrong and there's the need for litigation?" Mr. Heard asked. "Where's all this going to take place? If the adviser is in the Cayman Islands, we want Jersey jurisdiction."

Regulation on Jersey and Guernsey is similar, but there is a key difference in custody matters: An open-end Guernsey fund can go

to the same bank act as administrator and custodian, but in Jersey they must be separate entities. The reason for this, according to James Jenkins, supervisor of investments and securities for the Jersey Financial Services Department, is to "try to keep an independent view as to what is happening in a scheme."

Problems in the banking sectors on both islands have been few.

The British Commonwealth and Merchant Bank on Guernsey "closed in June, 1990, and hasn't opened its doors since," said John Roper, director-general of Guernsey's Financial Services Commission. So far, though, depositors have been reimbursed 78 percent of the £10 million to £12 million (£19 million to \$23 million) that they stood to lose. By 1994, he said, reimbursement will have been made in full.

On Jersey, Mr. Jenkins noted, "they have been losses." In one recent embezzlement case, £100,000 of investor money was taken, "but the promoter replaced it before it broke publicly."

There was no obligation for the company to make good the loss — except for the obligation to maintain its good name. That is why it is mostly long-established world banking giants that provide the custodial functions in the Channel Islands. The bigger ones include Chase, the global leader, claiming \$181 billion in assets under custody, Lloyds, Kleinwort Benson, Royal Bank of Canada and Crédit Suisse.

"The investing public is much more aware" of the custodial function after the scandal that undid the Bank of Credit & Commerce International and its customers last year, said Paul Wrench, director of Lloyds Bank Fund Managers.

"It comes down to two things: economics of scale and the technology needed to compete effectively in this business."

In the end, though, it's the local bank on Guernsey or Jersey that is responsible for holding the goods.

"We say to firms here and the court's

## Analysts' Estimates of Hong Kong Company Results

COMPANY	End of financial year	Earnings est. for '92 (financial year)	Last month's est.	% change	Last month's closing price	Current price	% change	No. of P/E (est.)	No. of analysts (est.)
<b>Hong Kong Worse</b>									
HUTCHISON WHAMPOA	12/92	0.89	0.98	-9.11	15.70	15.10	-3.80	17.00	23
JARDINE MATHESON	12/92	4.29	4.40	-2.39	52.00	53.50	2.90	12.50	23
DAIRY FARM INTL	12/92	0.80	0.81	-2.07	10.50	11.60	10.50	14.80	24
HENDERSON INVEST	6/92	0.40	0.41	-2.02	3.38	3.58	5.90	9.00	19
HENDERSON LAND DEV	6/92	1.56	1.59	-1.85	15.90	16.10	1.30	10.30	23
CATHAY PAC AIR	12/92	1.15	1.17	-1.77	10.90	10.80	-0.90	9.40	26
JARDINE STRATEGIC HOLD	12/92	2.70	2.74	-1.59	23.10	23.30	0.90	8.60	22
BANK OF EAST ASIA	12/92	1.57	1.58	-0.55	34.25	35.50	3.60	22.60	24
NEW WORLD DEV LTD	6/92	1.58	1.59	-0.46	15.70	17.10	8.90	10.80	24
HK ELECTRIC HLDG	12/92	1.49	1.50	-0.16	16.40	15.90	-3.00	10.60	24
<b>Hong Kong Best</b>									
HOPEWELL HOLDING	6/93	0.41	0.38	7.84	5.20	4.98	-4.90	12.10	24
HYSAN DEVELOPMENT	12/92	1.06	1.00	6.84	12.70	13.80	8.70	13.00	24
SWHITE PAC	12/92	2.73	2.61	4.91	35.75	36.50	2.10	13.40	24
SINO LAND	6/93	0.61	0.59	3.36	5.35	5.55	3.70	9.00	20
CITIC PACIFIC	12/92	0.86	0.93	2.55	12.20	12.80	4.90	13.40	22
SUN HUNG KAI PPT	6/93	3.23	3.15	2.53	30.50	33.25	9.00	10.30	24
AMOY PROPERTIES	6/93	0.51	0.50	1.36	5.85	6.85	17.10	13.60	21
HSBC HOLDINGS	12/92	6.78	6.89	1.35	55.50	55.50	0.00	6.20	24
WHARF HLDGS	3/93	0.68	0.67	0.86	7.65	7.90	3.30	11.60	23
Source: IBES Inc.									

## Custodian Banks: Bigger Is Better

By Conrad de Aenile

**I**T IS doubtful that many individual investors in an offshore fund think twice about its custodian bank, but regulators and managers ruminate over it quite a bit, for it is that bank that holds the fund's assets.

While managers are more likely to be in global financial hubs rather than the tiny islands that have set themselves up as investment centers, custody is the one function the territories insist be performed at home, because the custodian bank is where everybody's money is — or isn't, if something is amiss.

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to the same bank act as administrator and custodian, but in Jersey they must be separate entities. The reason is to protect that name.

The trend in custodianship is toward fewer and bigger banks.

"Certain banks are exiting this business because they can't do it well enough or cheap enough," said Julian Bub, managing director of Chase Bank & Trust Co. (C.I.), which has been "expanding to be the custodian for other banks." Its assets in custody in Jersey have risen 25 percent this year, he said.

"This business is becoming so competitive, pricing is so tight, he went on to say. "The only way to succeed is to become a big player and have that critical mass that allows you to make money."

Bigger, from the point of view of Chase, is better.

"There are no 10-pence 'shyster custodians' on the islands," Mr. Bub said. "As far as we're concerned, the little man in the street couldn't be better protected."

**W**HILE the custodian record for a Channel Islands fund must be on the same island, regulations do allow for subcontract arrangements with outside entities. As a practical matter, most of the custodial duties are done by an affiliate, subsidiary or parent company of the local bank. For instance, Chase in Jersey keeps its records at a central facility in England.

"We're actually moving our back office to Bournemouth," explained Michael Jury, who is in charge of Chase's custodial operations in Jersey. "It comes down to two things: economics of scale and the technology needed to compete effectively in this business."

In the end, though, it's the local bank on Guernsey or Jersey that is responsible for holding the goods.

"We say to firms here and the court's

reputation at stake; our main criterion is to project that name."

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For all the similarities between the islands, there is a rivalry that is part of "a centuries-old tradition" that so far has precluded a great

**NYSE****Friday's Closing**

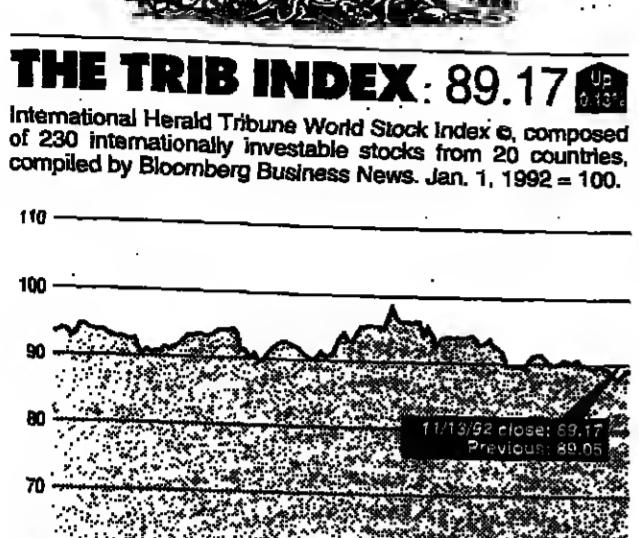
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High/Low	Stock	Div	Yield	P/E	52 Wk High	Low	4 P.M. CDT
1000	AAC			12	100	80	98
1000	ABX			10	100	80	98
1000	ABT			12	100	80	98
1000	ACI			12	100	80	98
1000	ACN			12	100	80	98
1000	ADM			12	100	80	98
1000	ADM-B			12	100	80	98
1000	ADM-C			12	100	80	98
1000	ADM-E			12	100	80	98
1000	ADM-F			12	100	80	98
1000	ADM-G			12	100	80	98
1000	ADM-H			12	100	80	98
1000	ADM-I			12	100	80	98
1000	ADM-J			12	100	80	98
1000	ADM-K			12	100	80	98
1000	ADM-L			12	100	80	98
1000	ADM-M			12	100	80	98
1000	ADM-N			12	100	80	98
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1000	ADM-P			12	100	80	98
1000	ADM-Q			12	100	80	98
1000	ADM-R			12	100	80	98
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1000	ADM-T			12	100	80	98
1000	ADM-U			12	100	80	98
1000	ADM-V			12	100	80	98
1000	ADM-W			12	100	80	98
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1000	ADM-Q			12	100	80	98
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1000	ADM-S			12	1		

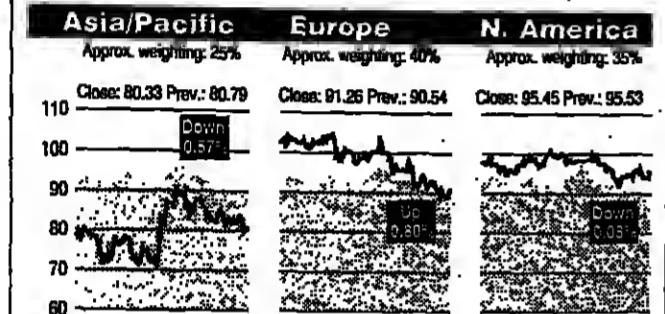
# BUSINESS

International Herald Tribune, Saturday-Sunday, November 14-15, 1992

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The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia; Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the top ten stocks are tracked.



Industrial Sectors		
Fd class	Prev. close	% change
Energy	91.30	-0.14
Utilities	84.68	+0.74
Finance	80.37	+0.05
Services	95.53	+0.42
Capital Goods	88.98	+0.33
Raw Materials	90.03	+0.26
Consumer Goods	92.67	+0.16
Miscellaneous	97.19	-0.82

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to TRIB Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

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## ECONOMIC SCENE

### China's Gain, to a Degree, Is Southeast Asia's Loss

By Michael Richardson  
International Herald Tribune

**S**INGAPORE — While China's rapid economic growth and opening to foreign investment are having a beneficial ripple effect throughout East Asia, some countries in the region are finding that the Chinese boom is making it more difficult to attract foreign capital.

Officials and analysts say that the lure of gaining direct access to China's market of 1.2 billion consumers and huge pool of cheap manpower is drawing investment in labor-intensive industries away from Southeast Asia.

With investors looking to other emerging low-cost markets in India and Latin America as well as China, pressures are mounting on Southeast Asian nations to liberalize investment laws, hasten deregulation of their economies and speed up improvements to overextended power supplies, transportation and communications.

China, especially the fast-developing coastal region, is becoming more attractive for labor-intensive investment than Indonesia, Thailand, the Philippines, Vietnam and Malaysia, said Min Tang, an economist with the Asian Development Bank in Manila.

While investments from Japan, Taiwan, South Korea and Hong Kong in most of these countries is falling, it is rising sharply in China. Tan Ee Khoo, senior investment analyst with Sumitomo Securities in Singapore, said that China "will increasingly suck away" investments that once would have gone to Southeast Asia.

Hong Kong and Taiwan, hit in the second half of the 1980s by rapidly rising costs of production at home, have regained international competitiveness by investing in southern China, said C.H. Kwan, senior manager of Nomura Research Institute Ltd. in Tokyo.

Japan and South Korea are also seeking to reduce the cost of their exports by establishing production bases in China.

While Japanese direct investment in Southeast Asia fell by nearly 5 percent to \$3 billion in the year to March 1992, Japanese

See INVEST, Page 15

### CURRENCY & INTEREST RATES

Cross Rates										Nov. 13
Australian	\$	C.	D.M.	F.F.	Fr.	G.P.	S.F.	Yen	CS	Pounds
Bahrain	31.05	26.85	4.84	2.44	2.21	2.00	2.02	25.64	24.77	21.29
Brunei	1.267	1.267	2.067	0.988	0.891	0.891	0.891	1.164	1.164	1.164
London (Ex)	1.083	—	2.067	1.083	1.083	1.083	1.083	1.164	1.164	1.164
Madrid	1.121	—	2.067	1.121	1.121	1.121	1.121	1.164	1.164	1.164
Malta	1.138	—	2.067	1.138	1.138	1.138	1.138	1.164	1.164	1.164
New York (B)	1.0557	1.0557	2.067	1.0557	1.0557	1.0557	1.0557	1.164	1.164	1.164
Paris	1.085	—	2.067	1.085	1.085	1.085	1.085	1.164	1.164	1.164
Tokyo	1.072	1.072	2.067	1.072	1.072	1.072	1.072	1.164	1.164	1.164
Toronto	1.046	1.046	2.067	1.046	1.046	1.046	1.046	1.164	1.164	1.164
Zurich	1.046	1.046	2.067	1.046	1.046	1.046	1.046	1.164	1.164	1.164
1 SDR	1.0245	1.0245	2.067	1.0245	1.0245	1.0245	1.0245	1.164	1.164	1.164
CS	1.0245	1.0245	2.067	1.0245	1.0245	1.0245	1.0245	1.164	1.164	1.164
Closeouts in Amsterdam, London, New York, Toronto and Zurich. Edges in other centers.										
<i>Note: To buy one pound, etc., buy 1000 one sterlings, etc.; to sell 1000 one pound, etc., sell 1000 one sterlings, etc.</i>										

Some countries find the Chinese boom makes it harder to attract foreign capital.

### Tokyo Aide Suggests New Tack on U.S. Trade

### Bring Business Into the Loop

By Steven Brill  
International Herald Tribune

TOKYO — The outline of a new, more pragmatic Japanese-U.S. trade dialogue emerged Friday when a senior Tokyo official suggested scrapping the existing Structural Impediments Initiative talks in favor of a new framework that would bring businessmen into the dialogue.

Satoshi Okamatsu, director general of the Ministry of International Trade and Industry's trade-policy bureau, said the SII talks proposed by President George Bush in 1989 had "made a contribution" but had run their course and "had become less fruitful than expected." Debate over structural issues should continue, he said, but the policy discussions should be tempered by the input of executives familiar with the intricacy of trade.

Frankly speaking, government officials in the U.S. do not know business practices as well as we do," Mr. Okamatsu said. "I hope that if government and business attended together, it would be more practical."

The views of Mr. Okamatsu, who stands next in line for the top job in the trade ministry, appear to lend support to some advisors to President-elect Bill Clinton and Democratic congressmen who have questioned the effectiveness of the SII framework.

"If the Clinton government proposes a new method to discuss economic matters, we are ready to enter the discussion on a new scheme," Mr. Okamatsu told an audience of foreign reporters.

SII was based on the idea that Japan would become more receptive to imports if it could change its basic economic structure. Measures pushed by Washington included opening up Japan's distribution system to imports, encouraging more leisure and shorter working hours and boosting spending on infrastructure and housing.

Such structural measures reflected the free-trade ideology espoused by George Bush, and implied that a leveling of the playing field in Japan to give U.S. companies a fair shot at the market would be enough to reduce trade imbalances.

The talks were also novel in that Tokyo gave Washington its advice on what changes would make the U.S. more competitive, such as improved education and orienting investment for long-term results. But Japan's arguments were never taken as anything more than perfunctory comments.

See TRADE, Page 17

### Currency Deposits

Nov. 13

	Dollar	D.-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1 month	216-314	57-61	61-64	7-7.5	914-916	3.1-3.4	10-10.6
3 months	216-314	58-61	61-64	7-7.5	914-916	3.1-3.4	10-10.6
4 months	216-314	58-61	61-64	7-7.5	914-916	3.1-3.4	10-10.6
1 year	216-314	58-61	61-64	7-7.5	914-916	3.1-3.4	10-10.6

Sources: Reuters, Lebara Bank.

Rates applicable to Interbank deposits of \$1 million minimum (or equivalent).

See TRADE, Page 17

### Key Money Rates

Nov. 13

United States	Close Prev.	Close rate	Call money	1-month interbank	3-month interbank	6-month interbank	1-year	ECU
America, Pcs	3.9701	3.9701	3.9701	3.9701	3.9701	3.9701	3.9701	3.9701
America, S	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457
America, U.S.	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457
America, U.S.	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457
America, U.S.	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457	1.4457
America, U.S.	1.4457	1.4457	1.4457	1.4457				

## MARKET DIARY

# Stronger Economy Fails to Rally Dow

Bloomberg Business News

**NEW YORK** — Hints of growth in the U.S. economy failed to bolster blue-chip stocks on Friday, though over-the-counter shares closed with moderate gains.

Rumblings of political upheaval

**N.Y. Stocks**

in Russia resurfaced, helping drive stocks lower, traders said.

"What's wrong with the market is it just tired," said William Lord, senior vice president in equity trading at Lehman Brothers.

"Rumors like those make people nervous."

The Dow Jones industrial average recovered early losses to close down 6.76 at 3,233.03. The index lost 7.03 points for the week.

Over-the-counter stocks resumed their rally after stalling Thursday. The Nasdaq Composite gained 2.79 to 637.16.

Advancers overtook decliners by a narrow margin among common stocks on the New York Stock Exchange. Trading, while active, was the lightest this week, with about 194 million shares changing hands on the Big Board.

The economic news this morning was mostly positive. Retail sales

rose 0.9 percent in October, but consumer prices gained 0.4 percent. Meanwhile, the University of Michigan's preliminary consumer sentiment index jumped to 83.6 in November from 73.3 in October.

The day wore on, rumors that President Boris N. Yeltsin of Russia may be ousted made the rounds, checking any optimism that may have been sparked by the economic reports, traders said.

Humana skidded 3% to 20 after the hospital company said it would eliminate future dividends while it restructures.

Breed Technologies, a maker of sensors that activate inflation of airbags in automobile crashes, saw its stock get snapped up by investors in the company's initial public offering. Breed closed at 20, up 3 points from its IPO price of \$17, making it one of several IPOs to sell briskly in recent weeks.

Tele-Communications leaped 1% to 19% on strong third-quarter results reported Thursday.

GM gained 3% to 314 following Thursday's meeting with analysts. GM said its North American vehicle operations would break even by late 1993 and hinted it may cut more jobs in the division.

**The Dow**  
Daily closings of the Dow Jones Industrial average.

Previous: 1,172.53

Open: 1,172.79 High: 1,173.49 Low: 1,171.59 Close: 1,172.53 Chg: +0.74

Comp: 1,171.23 Previous: 1,161.39 Open Int: 116,926 Chg: +0.73

High: 1,173.52 Low: 1,170.56 Close: 1,172.53 Chg: +0.97

Standard &amp; Poor's Indexes

Previous: 300.00

Open: 300.00 High: 300.00 Low: 299.00 Close: 300.00 Chg: +0.00

Composite: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

Industrials: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

Trans.: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

Utilities: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

Services: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

S&amp;P 100: 300.00 Previous: 299.00 Open Int: 1,152,200 Chg: +0.00

NYSE Indexes

Previous: 1,172.53

Open: 1,172.53 High: 1,173.52 Low: 1,171.59 Close: 1,172.53 Chg: +0.00

Composite: 1,172.53 Previous: 1,171.59 Open Int: 1,152,200 Chg: +0.00

Industrials: 1,172.53 Previous: 1,171.59 Open Int: 1,152,200 Chg: +0.00

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Utilities: 1,172.53 Previous: 1,171.59 Open Int: 1,152,200 Chg: +0.00

Services: 1,172.53 Previous: 1,171.59 Open Int: 1,152,200 Chg: +0.00

S&amp;P 100: 1,172.53 Previous: 1,171.59 Open Int: 1,152,200 Chg: +0.00

NASDAQ Indexes

Previous: 637.16

Open: 637.16 High: 637.52 Low: 636.50 Close: 637.16 Chg: +0.00

Composite: 637.16 Previous: 636.50 Open Int: 1,152,200 Chg: +0.00

Technology: 637.16 Previous: 636.50 Open Int: 1,152,200 Chg: +0.00

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Aerospace: 637.16 Previous: 636.50 Open Int: 1,152,200 Chg: +0.00

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Manufacturing: 637.16 Previous: 636.50 Open Int: 1,152,200 Chg: +0.00

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Transportation: 637.16 Previous: 636.50 Open Int: 1,15

## Losses Mount at SE Banken

Compiled by Our Staff From Dispatches

GOTHENBURG, Sweden — Skandinaviska Enskilda Banken's credit losses are expected to exceed 10 billion kronor (\$1.67 billion) this year and to remain heavy in 1993, the bank's chief executive said Friday.

The official, Björn Svedberg, said the bank would reduce substantially the size of its work force next year in an attempt to save the equivalent of 10 percent of its balance-sheet total of 8 billion kronor, or savings of 800 million kronor.

SE Banken, like other banks in Sweden and across Scandinavia, has been plagued by soaring bankruptcies and the effect of the economic downturn on asset prices, particularly real estate and stocks.

Swedish officials, who last week announced unlimited financial guarantees for the country's banks, estimated that Swedish banks would post credit losses of a combined 50 billion kronor this year.

SE Banken was owed 1.1 billion kronor by Gota AB when Gota filed for bankruptcy in September. SE Banken also has a major exposure to Hafnia Holding A/S, the troubled Danish insurer, which analysts have estimated at as much as 1.4 billion kronor.

Hafnia suspended payments to creditors in August because of a debt burden from a series of ill-fated acquisition attempts. SE Banken extended loans last year to enable Hafnia to buy part of its holding in Skandia AB after SE Banken's attempts to build a banking and insurance conglomerate around Skandia failed.

SE Banken has already reported an operating loss of 2.61 billion kronor in the January-August period, compared with a profit of 1.68 billion a year earlier. Credit losses during the first eight months were 6.85 billion kronor, more than double the year-earlier total of 3.17 billion.

(AFP, AP, Reuters)

## Olivetti Warns of Big Losses

Reuters

MILAN — The Olivetti chairman, Carlo De Benedetti, warned Friday that the Italian computer maker faced significant losses this year due to an international slump in personal-computer prices.

Mr. De Benedetti, who announced a sweeping reorganization on Thursday, gave no figures. But Olivetti had hoped to break even this year after a loss of 460 million lire (\$340 million) in 1991.

In an interview with Il Sole 24 Ore, the financial daily, he said that next year would also be very difficult but the changes would bring rewards in 1994.

Mr. De Benedetti said he would trim costs and forge ahead with the group's strategy of focusing on profitable areas.

"At the end of 1992, we will have a significant loss," Mr. De Benedetti said. "1993 won't be another year of further falls, rather more one of transition," he said, that would allow Olivetti "to harvest the fruits of the restructuring that was begun in 1992."

Analysts expect Olivetti to post a loss of up to 2.4 billion lire this year and around 110 billion lire in 1993.

"The real trouble for the company is not the structure but the market," said Luca Bolengo of CIMO SpA, a Milan brokerage.

## Lamont's Performance Gets Mixed Reviews

Compiled by Our Staff From Dispatches

LONDON — Britain's finance minister won high marks from his party on Friday for a recovery package intended to lift the country out of a recessionary rut, but economists and financial markets were less enthusiastic.

They and opposition Labor Party politicians said Chancellor of the Exchequer Norman Lamont's tonic for growth, unveiled on Thursday, might be too timid to provide the dose of confidence vital for ending the longest recession since the 1930s.

Mr. Lamont cut interest rates by one point to 7 percent in a statement on 1993-94 spending plans, which mixed a £4 billion (£6 billion) boost for industry, capital projects and the depressed housing and car markets with a public-sector pay squeeze.

But his failure to cut rates by a holder two points, plus weak economic data released Friday, depressed London share prices. The FT-SE 100 index closed 28.9 points lower at 2,697.50, erasing most of the gains made late on Thursday after Mr. Lamont's statement.

The interest cut was welcome news to industry and homeowners whose spending has been

drastically curbed by the high cost of loans and a debt overload.

But a new survey by the Confederation of British Industry showed business gloom was still deepening across Britain.

"There is not going to be much of a pickup in output in the economy for at least six months," said Steven Bell, chief economist at Morgan Grenfell. And John Wigglesworth, housing analyst at UBS/Phillips & Drew, said the housing market was "so depressed" that the measures would not have a strong effect.

Public borrowing is expected to rise to £37 billion, a figure that Christian Dennis, an analyst at Chemical Bank, called "colossal."

Friday's figures showed manufacturing production fell a disappointing 0.4 percent in September from August, while the retail price index rose an unchanged 3.6 percent.

Mr. Lamont forecast economic growth of only 1 percent in 1993. But his speech was enough to cheer MPs of the ruling Conservative Party after two months mired in policy U-turns and crises. "He has now produced the right package to put this country back on course," Prime Minister John Major said.

(Reuters, AFP)

## Investor's Europe

Frankfurt	London	Paris
DAX	FTSE 100 Index	CAC 40
1900	2800	2100
1800	2700	2000
1700	2600	1900
1600	2500	1800
1500	2400	1700
1400 J A S O N 1992	2300 J J A S O N 1992	1600 J J A S O N 1992
Exchange	Index	Friday Close
Amsterdam	CBS Trend	104.80 105.10 -0.29
Brussels	Stock Index	5,586.93 5,578.53 +0.15
Frankfurt	DAX	1,548.52 1,535.37 +0.86
Frankfurt	FAZ	609.76 602.74 +1.16
Helsinki	HEX	793.67 812.77 -2.35
London	Financial Times 30	2,021.60 2,027.30 -0.28
London	FTSE 100	2,697.50 2,726.40 -1.05
Madrid	General Index	202.80 199.50 +1.65
Milan	MIB	909.00 894.00 +1.66
Paris	CAC 40	1,795.16 1,821.51 -1.36
Stockholm	Aftersvärlden	801.83 792.52 +1.17
Vienna	Stock Index	349.56 349.10 +0.13
Zurich	SBS	643.30 648.90 -0.86

Sources: Reuters, AFP

International Herald Tribune

## Philips Ponders Faster Revamping

Compiled by Our Staff From Dispatches

AMSTERDAM — Philips Electronics NV may accelerate reorganization in its ailing consumer-electronics and components divisions, its president, Jan Timmer, said Friday at an investors symposium.

Mr. Timmer said Philips had intended to revamp these units step by step and had expected them to be back in profit by 1994 but that the poor market situation had upset the company's plans.

"We are now discussing whether we can stick to this policy or if we maybe should accelerate the process," he said.

The executive said Philips did not intend to submit to pressure from industry analysts to sell whole divisions. Advisors and analysts have recommended that

Philips sell some of its more profitable units like medical systems and professional products.

But Mr. Timmer said: "People should realize that following such advice to shed company parts too quickly also implies that you will be selling future profit and mess up your plans for the future."

Philips posted a third-quarter loss from ordinary operations of 154 million guilders (\$86.6 million), after a 188 million profit in the year-earlier period. Its financial manager, Henk Appelo, has said Philips expects to make a profit during the fourth quarter but might make further restructuring provisions.

On Friday, Philips said it would cut 1,200 jobs in the Netherlands through attrition and would cap salary rises to save 210 million guilders.

(Reuters, Bloomberg)

## LOANS: Banks Grow More Eager to Lend, a Good Sign for U.S. Economy

(Continued from page 1)

control equipment. While bankers say the improvement in the economy accounts for the recent lending gains, borrowers see changes on the part of banks.

"The psychology of the banks has changed," Mr. Landegger said. "Before, they were very, very afraid, and their regulators and top officers had told them in effect to not make loans. But now the banks are healthier and the fear is not so great."

Scott Daugherty, director of the Small Business and Technology

Development Center in Raleigh, North Carolina, noted that although the recovery from the recession of 1990-91 has been slow, the small businesses he advises are shedding their bunker mentality and seeking money to finance expansion.

"As they see that the recession did not deteriorate into something worse," he said, "there has been a return of confidence on the part of banks and businesses."

Bankers say they see the same improvement at larger companies. But while the gains are encour-

aging, it is too early to celebrate, bankers say. The economy is still limping and bankers warn that they are not willing to lower their credit standards to increase their loans.

"Our standards have not changed," said Ira Stepanian, chairman of the Bank of Boston, whose loans fell to \$21.4 billion at the end of 1991 from \$25.6 billion in 1989. At the end of September, however, its loans had edged up to \$22.1 billion.

"The basic change is that for a while, we had bankers who were looking inward and were more like-

ly to be at their desk working on improving documentation or solving problems with existing loans," Mr. Stepanian said. As problems with bad loans fade, he said, "they are out there marketing again."

Nationsbank, the sixth-largest bank in the United States, experienced its first quarterly increase in loans in more than a year in the quarter that ended on Sept. 30. Loans to businesses accounted for almost all of the \$885 million increase in total loans, which rose to \$37.7 billion for the bank, based in Charlotte, North Carolina.

"What he did was write these long and rambling paper patent applications in the hope that some of those thoughts would be applied years later," Mr. Glazer said.

Mr. Lemelson firmly counters his critics: "I've sent out thousands of letters to companies, hoping that someday I would meet up with the right business, the right person, who would say 'We like your idea, we think we can make money on it, and we'll invest a million dollars to develop it.'

"But it never happened. The best I could do was patent my ideas and hope that somebody would license them."

Since earning two master's degrees in engineering from New York University in the 1940s, Mr. Lemelson has spent all but six years of his life as an independent inventor. He has obtained nearly 500 patents on ideas for everything from toys to robots, bar-code readers, computers and laser-guided machine tools.

Mr. Lemelson and Mr. Hesler are now girding for their biggest confrontations yet. In the last few months, they have filed suits against General Motors, Ford and Chrysler as well as against Motorola, Apple Computer, Unisys and Eastman Kodak.

All have refused to pay any royalties. Ford and Motorola have filed their own suits, charging that Mr. Lemelson obtained his patents fraudulently. GM has petitioned a U.S. court in Nevada to declare his patents invalid on grounds that he delayed making his claims and misled the Patent Office.

## Cocoa Agreement Remains Remote

Reuters

GENEVA — Cocoa producers and consumers ended two weeks of talks on Friday still far apart on a new international agreement to support prices.

Producing countries blamed a lack of flexibility from consumers, particularly the European Community, for the failure to move ahead.

The talks center on a plan to withhold cocoa from the market to aid producers, which have stampeded this year to their lowest ever in inflation-adjusted terms. The two sides differ on how the plan will be financed, how much cocoa should be withdrawn and the price band under which the plan would operate.

A new cocoa agreement would replace the 1986 pact, which is to expire in September 1993. The next set of talks is scheduled for Feb. 22 to March 5.

## RELIGIOUS SERVICES

AMSTERDAM  
CROSSROADS INTERNATIONAL CHURCH (Protestant). Tel. 020-420-0000. Service 10:30 a.m., 12:15 p.m. and 6 p.m. Dr. Thomas De Groot, pastor. Tel. 020-420-4139.

TOKYO  
ST. PAUL INTERNATIONAL LUTHERAN CHURCH, minster: Bishop Ben. Tel. 03-3740. Worship 9:30 a.m. Sundays.

BARCELONA  
INTERNATIONAL BAPTIST CHURCH meets at Trav. de la Meridiana, 22. Tel. 93-210-0000. Sunday 9:30 a.m. Dr. Jack Robinson, pastor. Tel. 93-161-6611.

BREMEN  
INTERNATIONAL BAPTIST CHURCH (English-speaking). Tel. 0421-220-0000. Sunday 9:30 a.m. Dr. Michael Hohmann, pastor. Tel. 0421-220-0000.

BUCHAREST  
INTERNATIONAL BAPTIST CHURCH, Strada Popa Rusu 22. Tel. 01-300-0000. Contact Bill Richardson, Tel. 01-91-61.

FRANKFURT  
CHRIST THE KING (Episcopal). Sebastianstrasse 22, U1. Tel. 069-210-1111. Sun. Holy Communion 9 & 11 a.m., Sunday School and Nursery 10:45 a.m. The Revd. David Ratoff (069) 33 01 84.

MADRID  
COMMUNITY CHURCH, Worship and Church-School at 11:00 a.m., Dr. Pedro Daniel 34, August, Orense, 6 & 6 p.m. Tel. 91-0176.

MURICH  
INTERNATIONAL COMMUNITY CHURCH, Evangelical, Bible Believing, service at 10 a.m. Tel. 01-70-0000. Sunday 10:30 a.m. Dr. Peter Schmid, Tel. 01-70-0000.

MONTE CARLO  
INT'L FELLOWSHIP, 9 Rue Louis Notari, Sunday 11:00 a.m. Tel. 01-56-00-00.

PARIS AND SUBURBS  
INTERNATIONAL CATHEDRAL (Episcopal). Anglais, Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ave. George V, Paris 8. Tel. 47-20-17-92. Mgr. George V or Alma-Marcou.

NORWICH INTERNATIONAL CHURCH (Evangelical). Sun. 9:30 a.m. Hotel Orion, Metro 1. Esplanade de la Dfense, Tel. 47-73-53-54 or 47-73-54-12-27.

SAINT JOSEPH'S CHURCH (Roman Catholic). Masses Saturday Evening 6:30 p.m., Sunday 9:45, 11:00, 12:15 and 6:30 p.m., 50, avenue Hoche, Paris 8th. Tel. 47-27-28-56. Mgr. Charles de Boulle.

English-Language Hebrew school taught by American Rabbis. Free entry, conservative congregation. Friendly, warm atmosphere, religious services, adult education. Tel. 45-53-104 or 47-73-53-54 or 47-73-54-12-27.

UNITARIAN UNIVERSALIST Service, Sunday, November 15, 12 noon. Foyer de l'Opéra, 7, rue du Faubourg Poissonnière, Paris 1st. Tel. 42-77-96-77 or 39-35-60-08.

ETHIAS INTERNATIONAL BAPTIST CHURCH, Am Doekheng 92, Frankfurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hall, pastor. Tel. 069-349-0399.

HAMBURG  
INTERNATIONAL BAPTIST CHURCH OF HAMBURG, Ministr. Barbara Allmendinger, Tel. 040-21-19. Sunday 11:00 a.m. Dr. Michael Study or 11:30 a.m. Worship 12:30 each Sunday.



## Singapore Upturn Faces Obstacles

Reuters

**SINGAPORE** — A strong rebound in key sectors of Singapore's economy has ended six quarters of slowdown but policymakers still face steep hurdles to achieving long-term stable growth, economists said Friday.

The government announced that Singapore's gross domestic product grew by a real 5.6 percent, year-on-year, in July-September, against 4.7 percent growth one quarter earlier. It predicted more than 6 percent growth in the last quarter.

"The third-quarter growth is above our expectations," said Ong Nai Pew, economist heading the research team at the BZW-Pacific Union brokerage. "The economic outlook appears quite good in the short-term. Our biggest worry is long-term development of the financial sector and a broad-based manufacturing sector."

The government now forecasts growth for the whole of 1992 at around 5.5 percent and for next year at 5 to 6 percent. Most economists expect 1993 growth to exceed 6 percent.

The rise in July-September, the first quarter in which the growth rate improved since it fell to 7.6 percent in the first quarter of 1991 from 8.0 percent, was largely due to an upsurge in electronics output and a robust increase in offshore loans and turnover on the foreign-exchange market.

"The worst is definitely over," said Nicholas Kwan, a regional economist at Merrill Lynch. "Singapore seems to have achieved a soft landing but the manufacturing sector is rather too much on electronics."

In the latest quarter, production of petroleum products fell by 11 percent; paints, pharmaceutical and other chemical products by 9.8 percent; machinery by 3.9 percent, and industrial chemicals and gases by 15.8 percent.

Output of electronics, about one-third of total manufacturing, rose by 13.9 percent in the third quarter, after a 2.8 percent rise in the second and a 6.6 percent fall in the first.

Growth in the financial sector, another key component of the economy, rose to 5.8 percent, against a rise of 3.1 percent in the second quarter and fall of 0.3 percent in the first.

Average daily turnover on the foreign-exchange market in Singapore, the world's fourth-largest, exceeded \$90 billion in the quarter, up from \$81 billion in the previous quarter and \$76 billion for the whole of 1991.

Total assets of Asian Currency Units, the measure of offshore lending, rose by 5.5 percent year-on-year in July-September.

## Slowdown Spurs Boom In Failures

Compiled by Our Staff From Dispatches

**TOKYO** — The dead hand of Japan's economic slump is killing more firms now than the lingering hangover from plunging stock and land prices, economists said Friday.

The number of bankruptcies involving debts of more than 10 million yen (\$60,700) totaled 1,293 in October, the highest number since December 1986, according to Tokyo Shoko Research. The total was up 7.8 percent from September and up 20.7 percent from October 1991.

The companies left debts worth 796.33 billion yen, up 39.5 percent from September but down 0.9 percent from a year ago.

"The recession continues to claim a large number of manufacturing, construction and other firms not directly touched by the bursting of Japan's inflated asset and stock prices," said Kazumi Kusakari, an analyst at the research outfit. Until this year, he said, bankruptcies had hit mainly the real estate and financial sectors.

In October, 53.5 percent of all bankrupt companies cited the economic slump as the main reason for their failure, up from 41.1 percent in October 1991, Tokyo Shoko said.

Teikoku Data Bank, which reported similar bankruptcy figures, said the construction industry accounted for 22.9 percent of failures in October, while the manufacturing and wholesale industries represented 18.6 percent and 30.0 percent. (Reuters, Bloomberg, UPI)

## Japan Steel: No Relief in Sight

Compiled by Our Staff From Dispatches

**TOKYO** — Japan's five biggest steel companies announced Friday that pretax profits plunged by an average of 75 percent in the financial first half and said there was no end in sight to the industry's hard times.

"Very few people expected the steel industry or the economy to deteriorate quite so quickly and quite so heavily," said Stephen Wolfe, senior analyst at Rating Securities (Japan).

The biggest blow to the five companies — Nippon Steel, Kawasaki Steel, NKK Corp., Kobe Steel and Sumitomo Metal Industries — was the weakness of demand from key domestic customers: auto producers and construction firms.

The global economic slowdown has eroded demand from abroad, increasing pressure on the companies to close plants, reduce staff and streamline operations.

In the first half ended Sept. 30, Nippon Steel's pretax profit fell 74.3 percent to 14.1 billion yen (\$114 million) in the first half. Profit dropped 75.4 percent at Kobe Steel to 7.1 billion yen, plummeted 84.0 percent at Kawasaki Steel to 4.0 billion, was off 55.1 percent at NKK at 6.3 billion, and tumbled 85.1 percent at Sumitomo Metal Industries to 3.3 billion.

Kobe cut its earnings forecast for

the full year to 14 billion yen from 22 billion previously. It said it was hard hit by declines in capital spending and personal consumption and a sluggish stock market.

In a typically Japanese approach to hard times, Nippon Steel and Kawasaki Steel recently transferred dozens of workers to assembly lines at Toyota Motor, a long-time customer.

"Inventory levels aren't coming down very quickly," said Kenzo Monden, a vice president at Kawasaki Steel. Exports are falling while competition from South Korea is getting stiffer, he said.

Two government plans to stimulate Japan's economy by increasing public-works spending have given the steel companies some reason for hope. But the increase in government orders for construction steel have not been enough to offset the slump in demand from the private sector, which analysts estimate accounts for 40 percent of demand.

"The government just can't leave the situation unattended," said Saburo Kumamoto, senior managing director of corporate planning at Kobe Steel. He said Kobe would speed up plans to reduce staff by 40 percent. (Bloomberg, AFP)

Source: Reuters, AFP

## Investor's Asia

	Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
700	1650	2000	2250
600	1500	1750	1500
500	1400	1300	1500
400	1300	1200	1250
300	1200	1100	1150
200	1100	1000	1050
100	1000	900	950
0	900	800	850

Source: Reuters, AFP

International Herald Tribune

## Very briefly:

- World Bank President Lewis Preston said talks with Indian leaders convinced him New Delhi's reforms were on track, newspapers said.
- Allied Industries International and Samaip Manufacturing shares were suspended on the Hong Kong stock exchange pending an announcement; both are units of the Malaysian businessman Lee Ming Tee's Allied Group, which the government is investigating over a series of asset sales.
- Taiwan has drafted plans for a \$41 million industrial park at the old U.S. naval base at Subic Bay in the Philippines, the Central News Agency said.
- India's chief economic adviser to the finance ministry dampened hopes of a drastic cut in tariffs, saying only a moderate reduction was possible.
- Malaysia is studying setting up a joint venture to assemble its Proton Saga car in Chile, Prime Minister Mahathir Mohamad said.
- Cathay Pacific Airways said it had postponed conversion of options of two Boeing 747-400s into firm orders because of the weak airline industry; the aircraft had been due for delivery in 1994.
- Mandarin Oriental International, Jardine Matheson's hotel group, has signed a nonbinding letter of intent under which it may become the largest shareholder in the holding company of Amanresorts.
- Sony Corp. will sell cellular telephones in Britain with Cellnet Ltd., a 60 percent owned unit of BT PLC, the Nihon Keizai newspaper said.

Bloomberg, Reuters, AFP

## Profits Fall at Honda, Mazda

Bloomberg Business News

### Astra Stake Sold For \$195 Million

Reuters

JAKARTA — Two deals on the Jakarta stock exchange on Friday totaling 40 million shares in the PT Astra International conglomerate for about 400 billion rupiah (\$195 million), fueled speculation that its family owners had sold a major stake to Toyota Motor Corp.

The second half of the year will likely be more severe than the first," said Yoshihide Muneckuni, a vice president of Honda.

Honda said it was slashing its net profit forecast for the business year ending March 31 by 31.2 percent to 41.3 billion yen and its sales forecast to 42.4 billion yen from 44.5 billion yen due to uncertainty about the health of the Japanese and U.S. economies.

Mazda Motor, the smallest of Japan's major automakers, said its net profit fell 85.4 percent year-on-year to 621 million yen in the six-month period. For the full year, Mazda expects net profit will total 3.5 billion yen for a decline of 62.3 percent.

"We are pessimistic about our performance in the latter half of this fiscal year," said Keiichiro Yo-

kiwawa, general manager of the financial management division at Mazda, which is owned 24.5 percent by Ford Motor Co.

Mazda has said the Soerajadiya family, which owns 76 percent of Astra, would sell some of its holdings to cover losses in another family company. Toyota owns 51 percent of PT Toyota Astra Motors, a car assembler that provides the bulk of Astra's income.

Honda's group operating profit dropped 35.2 percent to 65.6 billion yen. In addition to falling revenues, the company's profits on exports suffered from a 10-year increase in the value of the yen against the dollar, Mr. Muneckuni said.

Mazda, which has been restructuring its business with Ford's help, said its sales rose 2.42 percent to 910,000 units. Sales of motorcycles, however, rose 6.5 percent to 1.9 million units.

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## Taiwan Firm Seeks Steel Partners

Reuters

TAIPEI — An Feng Steel Co. said Friday that it would seek foreign partners to build Taiwan's first private integrated steel mill.

The company disclosed financial details but the Economic Daily News said the project would cost \$2.5 billion Taiwan dollars (\$3.2 billion), making it one of the island's largest private investments.

But the newspaper said it was not certain whether the Economics Ministry would allow An Feng's plan to go ahead because of the weak

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# SPORTS FOOTBALL

## Mysterious Deaths Of Horses May Be Insurance Scams

The Associated Press

**NEW YORK** — As many as 40 owners, trainers, veterinarians and riders have been involved in plots to kill thoroughbreds and show horses in order to collect insurance money, according to a report in Sports Illustrated.

Agents of the FBI, the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms are conducting investigations into the schemes and indictments are expected, the magazine said.

The report, which appears in the Nov. 16 issue, also raises questions about the injury that led to Alydar being humanely destroyed two years ago. Alydar, the runner-up to Affirmed in all three 1978 Triple Crown races, later became one of racing's best sires.

The report details how horses were electrocuted by Tommy Burns, known in the horse industry as the Sandman because when he was around, a horse would be put to sleep. Death by electrocution is difficult to detect, according to veterinarian at the University of Pennsylvania's New Bolton Center, one of the nation's major animal hospitals. Usually, the magazine said, electrocuted horses were assumed to have died of colic.

Burns faces sentencing Dec. 14 in the death of Streetwise, a show horse who died after suffering a broken leg in his stall. Burns and Harlow Arlie, who Sports Illustrated said used a crowbar to break the horse's right rear leg, were apprehended by investigators for the Florida Department of Agricultural and Consumer Services shortly after the death of Streetwise. Arlie pleaded guilty to charges of insurance fraud and cruelty to animals, serving six months in an 18-month sentence before being paroled.

Sl said Streetwise's death was ordered by the horse's owner, Donna Brown, to collect a \$25,000 insurance policy. Because the animal had a history of colic, the insurance policy did not cover that condition and so, the magazine said, Brown insisted the leg be broken.

In the 21 months since Burns and Arlie were arrested, investigators have developed hard evidence that such crimes are widespread. Part of the reason may be the 1986 Tax Reform Act that eliminated performance horses as depreciable assets, making hefty insurance payoffs appealing alternatives.

Harvey Feintuch, a New York lawyer who specializes in investigating equine insurance claims, said, "We have had a very, very significant increase in the number of claims that just don't look right."

Alydar was humanely destroyed Nov. 15, 1990, after Calumet Farm said he kicked his stall so hard that he shattered his right hind leg. But that is an unusual way for a horse to break one of the strongest bones in its body, and Calumet's subsequent slip into bankruptcy caused some observers to question the death of the horse, who was insured for \$36.5 million.

Sl said, according to court records, Calumet owed \$120 million and that the farm's president, J.T. Lundy, had sold or bartered away many of Alydar's lifetime breeding rights. Because of that, the stallion's projected cash income for 1991 had dropped about \$7 million, of which \$2 million would have gone for insurance payments.

With Calumet \$2.6 million behind in total premium payments, one insurer had said it would not renew its \$5 million policy on the horse in December. Barred from selling Alydar by the will of the farm's former owner, Lucille Markley, Lundy's quickest source of income was the \$36.5 million in policies on the horse, Sl said. Of that, \$15 million went to owners of breeding seasons in Alydar, \$20.5 million to First City Bancorporation of Houston to pay off debts, and just \$1 million to Calumet.

Despite the insurance income, Lundy lost Calumet the next year. The farm was sold at auction for \$17 million to owner-breeder Henryk de Kwiakowski. Included in the sale was Calumet's cemetery where Alydar's remains are buried.



GOING, GONE — Chris Morris of the NBA's New Jersey Nets chased a ball into the crowd as the Minnesota Timberwolves won, 88-84. Drazen Petrovic, who had 27 points, led the Nets back from a 19-point deficit. Chuck Person's clutch 17-footer with seven seconds to play ruined Chuck Daly's home coaching debut.

## Jets May Cage Bengals

New York Times Service

### BENGALS (4-6) at JETS (2-7)

**Key stat:** Bengals rank last in AFC pass defense but third in rushing offense; Jets' Brad Baxter averages 5.1 yards per carry and kicker Gary Blanchard is 10-for-12 in field goals. **Comment:** Bengals shocked the Bears in overtime last week and won their second straight game after five straight losses. But the Jets have enough offense to burn Cincinnati's defense, and the New York defense will diminish the Bengals' offensive threats. The Jets are favored by 6 points.

### LIONS (2-7) at STEELERS (6-3)

**Key stat:** Lions have been hammered in rushing yards, 1,115 to 736, and have been out-sacked by their opponents, 33 to 11; Steelers'

### NFL MATCHUPS

Barry Foster needs 58 rushing yards for 1,000. **Comment:** Detroit appears to have given up on the season. Pittsburgh rallied at Buffalo last week but fell short. It rebounds nicely with four straight games that follow against teams now with losing records — Indianapolis, at Cincinnati, Seattle and at Chicago. Steelers 9%.

### OILERS (5-4) at VIKINGS (7-2)

**Key stat:** Oilers managed only 14 points in loss to Cleveland, their season-low; Vikings have forced 23 turnovers but have committed 19. **Comment:** Houston is sagging with consecutive divisional losses vs. Pittsburgh and Cleveland. Minnesota's running game, led by quarterback Rich Gannon's nifty scrambles, is solid enough to keep the ball away from the Houston offense. And when Houston has the ball, the Minnesota defense is stout enough to keep getting it back. Vikings by 5%.

### PATRIOTS (6-3) at COLTS (4-5)

**Key stat:** Patriots have one rushing touchdown and have allowed eight, and have registered 9 sacks compared with 42 allowed; the Colts' kicker, Dean Blasucci, is only 5-of-12 in field goals. **Comment:** The Colts were shut out last week by Miami, but the Patriots have been shut out in the win column all season. Former Maryland quarterback Scott Zolak makes his first start for New England, and even against the Colts will be under relentless pressure. Colts by 7.

### EAGLES (6-3) vs. PACKERS (3-6)

**Key Stat:** Game in Milwaukee; Eagles' quarterback Randall Cunningham still has twice as many touchdown passes (12) as interceptions (6). Packers' receiver Sterling Sharpe leads the NFL with 61 catches. **Comment:** Packers' quarterback Bret Favre is overwhelmed against the Eagles' physical defense. Cunningham makes his return as starter against the team that last year was the season-opener for both teams ended his year with a knee injury. Eagles by 8%.

### CARDINALS (3-6) at FALCONS (3-6)

**Key stat:** Cardinals' kick returner Johnny Bailey is averaging 27 yards per return; in 46 passes, Falcons' quarterback Billy Joe Tolliver has a long completion of 24 yards. **Comment:** Atlanta outgained San Francisco 304 yards to 303 in a 41-3 loss Monday night, but six turnovers and terrible field position helped produce the rout. Phoenix has won two straight but won't scare the Falcons in the Georgia Dome. Against Phoenix, Tolliver will connect deep. Falcons by 3%.

### CHARGERS (4-5) at BROWNS (5-4)

**Key stat:** Chargers running back Ronnie Harmon leads his team in receptions with 42; Browns are plus nine in turnover differential. **Comment:** Cleveland is fresh off an impressive victory in Houston, while San Diego suffered a last-second loss in Kansas City. The Chargers will be hungry; expect an upset because their defense will match Cleveland's while their offense will surpass the home team's. Browns by 1%.

### REDSKINS (6-3) at CHIEFS (5-4)

**Key stat:** Redskins' Mark Rypien does not rank among the top 10 quarterbacks in the NFC; Chiefs are 4-1 at home. **Comment:** The Redskins' offense continues to struggle and meets a team starved for more national attention and respect and prepared to earn both. Both teams like ball-control offenses, though the Redskins have more big-play passing

threats. The game turns on turnovers, which the Chiefs force with big hits. Their victory over visiting Philadelphia earlier this season prepares them for another NFC muscle team. Chiefs by 1%.

### RAMS (3-6) at COWBOYS (6-1)

**Key stat:** Rams have lost 12 straight road games; Cowboys have won 11 straight at home and receiver Michael Irvin averages 20.3 yards per catch followed by Alvin Harper's 18.4. **Comment:** Dallas rolls to its ninth victory with ease, able to dominate the Rams in every facet of this game. Cowboys' quarterback Troy Aikman looks to improve on his touchdown pass interception ratio, which is 11/11. Cowboys by 14.

### SAINTS (7-2) at 49ERS (7-2)

**Key stat:** Saints' offense helped team score 30, 23, and 31 points in last three games, all victories; 49ers won in New Orleans in Week 4, 17-10. **Comment:** Don't be fooled by the Saints' offensive improvement. In a four-game stretch preceding the last three, they did not muster more than 13 points in any of those games. The major improvement came against Phoenix, Tampa Bay and New England, hardly defensive powers. But the Saints' defense won't let the 49ers shoot it in the hip, either. 49ers by 6%.

### SEAHAWKS (1-6) at RAIDERS (3-6)

**Key stat:** Seahawks have scored a league-low 36 points; Raiders are minus 15 in turnover differential. **Comment:** Jay Schroeder again starts at quarterback; Raiders' fourth quarterback change in 11 games. It won't matter against Seattle, which has been outscored this season by a total of 118 points. Raiders by 13.

### BEARS (4-5) at BUCCANEERS (3-6)

**Key stat:** Bears have won 17 of 19 against Tampa Bay and their coach, Mike Ditka, is 17-3; Bucs' running back Reggie Cobb has six rushing TDs. **Comment:** Darren Lewis gets the start over Neal Anderson at tailback as Ditka shuffles his starting lineup on both sides of the ball in an effort to hit his stumbling club. Lewis will get 100 rushing yards as Chicago continues its mastery in this series. Bears by 3%.

### GIANTS (5-4) at BRONCOS (3-5)

**Key stat:** Giants run/pass ratio is 279/244; Broncos' run/pass ratio is 213/255. **Comment:** The Giants' chief hope is to keep the ball on the ground and way from John Elway and the Denver offense. But Elway will play run first, and then Elway will go deep over the middle, where the game will be won. Broncos by 3%.

### BILLS (7-2) at DOLPHINS (7-2)

**Key stat:** Bills are 27-1 when Thurman Thomas rushes for 100 yards; Dolphins dominated in Buffalo in Week 5, 37-10. **Comment:** First place in the AFC East is up for grabs Monday night, and the Bills, accustomed to being there in the last few seasons, must fight a noisy crowd besides the Dolphins to reapture the top spot. But the Bills will turn the tables, winning at Miami in a divisional tussle long from over even after this game. Bills by 1%.

*These matchups were written by Thomas George of The New York Times. Odds were provided by Hamot's of Las Vegas.*

## Texas A&M Slips By Houston to Stay Unbeaten

The Associated Press

**HOUSTON** — The spotlight was on Texas A&M, and the Aggies managed only a dim performance.

Playing before a national television audience Thursday night, the fourth-ranked Aggies remained one of only three unbeaten and untied teams, but they failed to put away an out-matched Houston squad.

Greg Hill had third-quarter touchdown runs of 10, 9 and 4 yards that finally snuffed out Houston's upset bid and rallied the Aggies to a 38-30 victory. The Aggies (10-0 overall, 5-0 in the Southwest Conference) won their 19th consecutive regular-season game and stayed with No. 1 Miami (8-0) and No. 2 Alabama (9-0) as the only major colleges with unblemished records.

Texas A&M didn't get its first lead until 3:41 remained in the third quarter when Hill skirted the right side for a 9-yard touchdown on

a drive keyed by a 32-yard pass from Corey Pullig to Tony Harrison.

A&M's improved passing game helped put the Aggies in control on the next series when Pullig, a freshman, threw a 39-yard pass to Brian Mitchell at the Houston 4 and Hill scored his third touchdown on the next play.

But the Cougars didn't go quietly. Jimmy Klingler completed a 73-yard touchdown pass to Ron Peters with 7:02 to play. And after a 95-yard kickoff return by A&M's Billy Mitchell set up a 1-yard Rodney Thomas touchdown, Klingler found Peters again for a 42-yard touchdown with 4:09 remaining, making it 38-30.

A final Cougars drive ended in downs near midfield with about 30 seconds left.

### ■ Tennessee to Buy Out Majors

The University of Tennessee will buy out the remainder of Johnny Majors' contract as foot-

ball coach and end the longest consecutive coaching streak in school history at 16 years, according to Tennessee newspapers reports yesterday.

The Knoxville News-Sentinel and The Tennessean reported Friday that the Majors era will conclude at the end of the season.

The Tennessean said university officials have agreed to pay Majors \$600,000 to buy out the remaining two years of his contract, which would leave the university liable for only his base salary of \$96,000 a year.

Both papers said Majors has agreed to the deal.

Majors will coach the Vols the remaining three games of the season, the reports said.

One source told The Tennessean that the primary reason for the move was not the Vols' three straight losses but a "compilation of things over the course of several years."

## If Life Is Miserable, Then Go to Coahoma

The Associated Press

**JACKSON, Mississippi** — It was a memorable year, 1985, at Coahoma Junior College. The year its football team last won.

Since, the Tigers have taken the field 78 times, and 78 times have lost. The National Junior College Athletic Association does not keep full statistics but "I don't know of anyone losing that many," said its director, George Killian.

The streak began with a 61-0 rout by Mississippi Gulf Coast Community College on Sept. 14, 1983, and now is 0-77-1 — an 0-10 record every season except 1988, when the Tigers managed a 14-14 tie. The 10 games this season were lost by an average of 47-7.

But there is hope says the athletic director, George Green, because at Coahoma "you don't lose 'em until you play 'em."

## CALVIN AND HOBBES

By Bill Watterson

Calvin and Hobbes

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# SPORTS CRICKET

## In South Africa and Japan, They Are Just Wild About 2 'New' Sports

### With Indian Team's Visit Cricket Fever Grips Nation

Agency France-Presse

DURBAN, South Africa — If sport was meant to bring nations and people closer, India's cricket tour of South Africa is breaking new ground.

The Indians' first visit to the republic is nearly a month old, but the honeymoon shows no signs of abating.

Memories of the dark days of apartheid have been pushed to the background as people of all colors and creeds lay out the red carpet for the Indians, the first official team to tour South Africa in 22 years.

Fans gape at the cricketers at

Batting prodigy Sachin Tendulkar and star allrounder Kapil Dev top the popularity charts. But others, like the team captain, Mohammad Azharuddin, the debonair Ravi Shastri and wicket-keeper Kiran More have their own fan following.

"I did it, I did it," Rashid Patel, a 17-year-old Durban schoolgirl, exclaimed proudly to her friend after planting a kiss on More's cheek during the motorcycle ride from the airport to the city center on Nov. 10.

"The interest in this tour is unbelievable. I have not seen anything like it before," said Dev, who has traveled the world since his international debut 14 years ago.

The cricketers were surprised when many in the crowd during the first Test in Kinginned waved the Indian tricolor and urged them to "beat the South Africans."

"It's like playing at home," said 24-year-old Praveen Amre, who made his Test debut at Kinginned.

"We have waited for this moment a long time," said Ismail Bhaiji, a Durban-based Indian businessman, adding that he wanted India to win the series even though he has no ties with the country his grandfather left 30 years ago.

"We may be South African nationals, but we are still Indians at heart and this Indian team is our team," Bhaiji said.

The unexpected support for the Indians is not worrying anyone on the United Cricket Board of South Africa, which sees this tour as a landmark event in the republic's history.

"The fact that there is so much interest in the tour is a victory for the great game of cricket," said the board's high-profile chief executive, Ali Badier, who captained South Africa in the last home series, against Australia in 1969-70.

"Twenty years ago, only a small section of the population took interest in the game," Badier said.

"But make no mistake, the support for the South Africans will come from all communities. Only a handful will root for India."

Badier's optimism received the nod from Mana Vajee, 47, a company director who was among the large number of Indians present to watch the Durban Test.

"Obviously I support South Africa," he said. "I'm a South African. I believe in forgetting and forgiving the past."

"In the days of apartheid, I would have supported India. But now with the new, changing South Africa, I consider myself 100 percent South African."

Said a salesman, Thiru Govender: "I'll support the Indians for sure because they play the best cricket and I have relatives in India."

"However I would back South Africa against any other team."

airports and banquets as if they belong to another world — or, like "animals in a zoo," as one Indian player put it.

Autograph hunting has become a national pastime among the Afrikanders, the Indians and even the soccer-crazy blacks, who see the tour as the opening of a new world.

Dinner invitations have become so commonplace that worried team officials have been forced to cancel some, including one by their official sponsor, Air India.

The enthusiasm is understandable, but one must realize we are here to play cricket and not on a holiday," said the tour manager, Amit Mathur, whose wit and humor at official banquets have won him many friends and admirers.

"A function a week is what we have requested, so that the business of playing cricket is not affected," he said.

For the approximately 800,000 Indian migrants in the republic, the tour is like a dream come true as they see their favorite cricketers in person and get a chance to speak or be photographed with them.

### SCOREBOARD

#### HOCKEY

##### NHL Standings

##### WALES CONFERENCE

##### Patriots Division

##### Wings

##### Red Wings

##### Devils

##### Islanders

##### Islanders

##### Philippines

##### Montreal

##### Canadiens

##### Bruins

##### Penguins

##### Islanders

## DAVE BARRY

**The Burglar Alarm**

**M**IAMI — The man was M standing right outside our master bathroom. He couldn't see Beth and me, standing in the hallway, but we could see him clearly. His face was covered with a stocking mask. He was dressed all in black, and he had a black plastic bag stuck in his back pocket.

He was using a screwdriver to open our sliding glass door.

You always wonder what you're going to do in a situation like this? Run? Fight? Wet your pants?

The man outside our house jerked the screwdriver sideways and opened the door. Just like that, he was inside our house, maybe six feet from Beth and me.

Then he saw us. For a moment, nobody spoke.

"CUT!" yelled the director.

As you have guessed, Ozzie wasn't a real burglar. He was part of a production crew that was using our house to shoot a promotional video for the company that installed our burglar alarm. Around here it's standard procedure to have burglar alarms in your house, you can't work there, and if you've had expensive dental work, your mouth.

I like having an alarm in our house, because it gives me the security that comes from knowing that trained security personnel will respond instantly whenever I trigger a false alarm. I do this every day at 6 A.M., when I get up to let out our large main dog, Ernest, and our small emergency backup dog, Zippy. I always in a big hurry, because Zippy, being about the size of a hairy fat bear (although less intelligent), has a very fast digestive cycle, and I need to get him right outside.

So I fall out of bed, barely conscious, and stagger to the back door, where both dogs are waiting, and I open the door and BWEEEP-BWEEEP! I realize that I have failed to disarm the alarm system.

Now I have a problem. Because within seconds, the voice of the Cheerful Lady at the alarm company is going to come out of the control panel, asking me to identify myself, and unless I give her the Secret Password, she's going to cheerfully notify the police. So I

stagger quickly over to the panel. But this leaves Ernest and Zippy alone on the patio. Theoretically, they can get from the patio to our backyard all by themselves. They used to be prevented from doing this by a screen enclosure around the patio, but thanks to Hurricane Andrew, most of this enclosure is now orbiting Earth. The hurricane did NOT blow away the screen door, however. It's still standing there, and the dogs firmly believe it's the only way out. So — I swear I'm not making this up — instead of going two feet to the left or right, where there's nothing to prevent them from simply wandering out into the yard, they trot directly to the door, stop, then turn around to look at me with a look that says, "Well?"

"GO OUTSIDE!" I yell at them as I lunge toward the alarm control panel. "THERE'S NO SCREEN ANYMORE, YOU MORONS!" "I beg your pardon?" says the Cheerful Alarm Lady, because this is not the Secret Password.

"Bark," says Ernest, who is trotting back toward the house, in case I am telling her that it's time to eat. "Grunt," says Zippy, as his internal digestive timer reaches zero and he detonates on the patio.

We do this almost every morning. We're very dependable. In fact, if some morning I DIDN'T trigger a false alarm, I think the Cheerful Alarm Lady would notify the police.

"You'd better check the Barry residence," she'd say. "Apparently something has happened to Mr. Barry. Or else he's strangling one of his dogs."

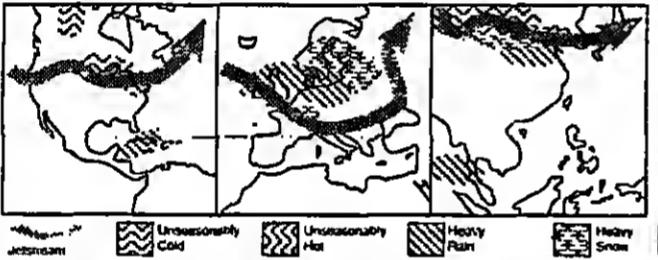
So the alarm people have been very nice to us, which is why we let them use our house for the video. It has a great Action Ending, wherein Ozzie runs out our front door, and an armed security man drives up, screeches to a halt, leaps out, puts his hand on his gun and yells, "FREEZE!" This is Ozzie's cue to freeze and look concerned inside his stocking. They shot this scene several times, so there was a lot of commotion in our yard.

Anyway, the point is that our house is well protected. The alarm system is there in case we ever need it, which I doubt we will, because — thanks to Zippy — only a fool would try to cross our patio on foot.

Knight-Ridder Newspapers

**WEATHER****Europe**

## Forecast for Sunday through Tuesday

**North America**

Boston, New York City and Washington, D.C., will be cold Sunday through Tuesday. A mix of sun and snow is expected. Detroit and Chicago will also be colder than usual, but with sunshine on tap for Los Angeles Sunday and also Monday.

Sunshine is on tap for Los Angeles Sunday and is also likely Monday.

Wind gusts to 50 mph will blow eastward through Poland while snow blankets an area from Stockholm to Moscow.

Legend: 1 sunny 2 partly cloudy 3 cloudy 4 showers 5 thunderstorms 6 rain 7 snow 8 flurries 9 snow 10 sleet 11 rain flurries 12 rain flurries 13 snow 14 sleet 15 rain 16 sleet 17 rain 18 sleet 19 rain 20 sleet 21 rain 22 sleet 23 rain 24 sleet 25 rain 26 sleet 27 rain 28 sleet 29 rain 30 sleet 31 rain 32 sleet 33 rain 34 sleet 35 rain 36 sleet 37 rain 38 sleet 39 rain 40 sleet 41 rain 42 sleet 43 rain 44 sleet 45 rain 46 sleet 47 rain 48 sleet 49 rain 50 sleet 51 rain 52 sleet 53 rain 54 sleet 55 rain 56 sleet 57 rain 58 sleet 59 rain 60 sleet 61 rain 62 sleet 63 rain 64 sleet 65 rain 66 sleet 67 rain 68 sleet 69 rain 70 sleet 71 rain 72 sleet 73 rain 74 sleet 75 rain 76 sleet 77 rain 78 sleet 79 rain 80 sleet 81 rain 82 sleet 83 rain 84 sleet 85 rain 86 sleet 87 rain 88 sleet 89 rain 90 sleet 91 rain 92 sleet 93 rain 94 sleet 95 rain 96 sleet 97 rain 98 sleet 99 rain 100 sleet 101 rain 102 sleet 103 rain 104 sleet 105 rain 106 sleet 107 rain 108 sleet 109 rain 110 sleet 111 rain 112 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